FIFTH
REPORT ON PROGRESS IN MANCHURIA
TO 1936

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THE SOUTH MANCHURIA RAILWAY COMPANY
DAIREN, JULY, 1936

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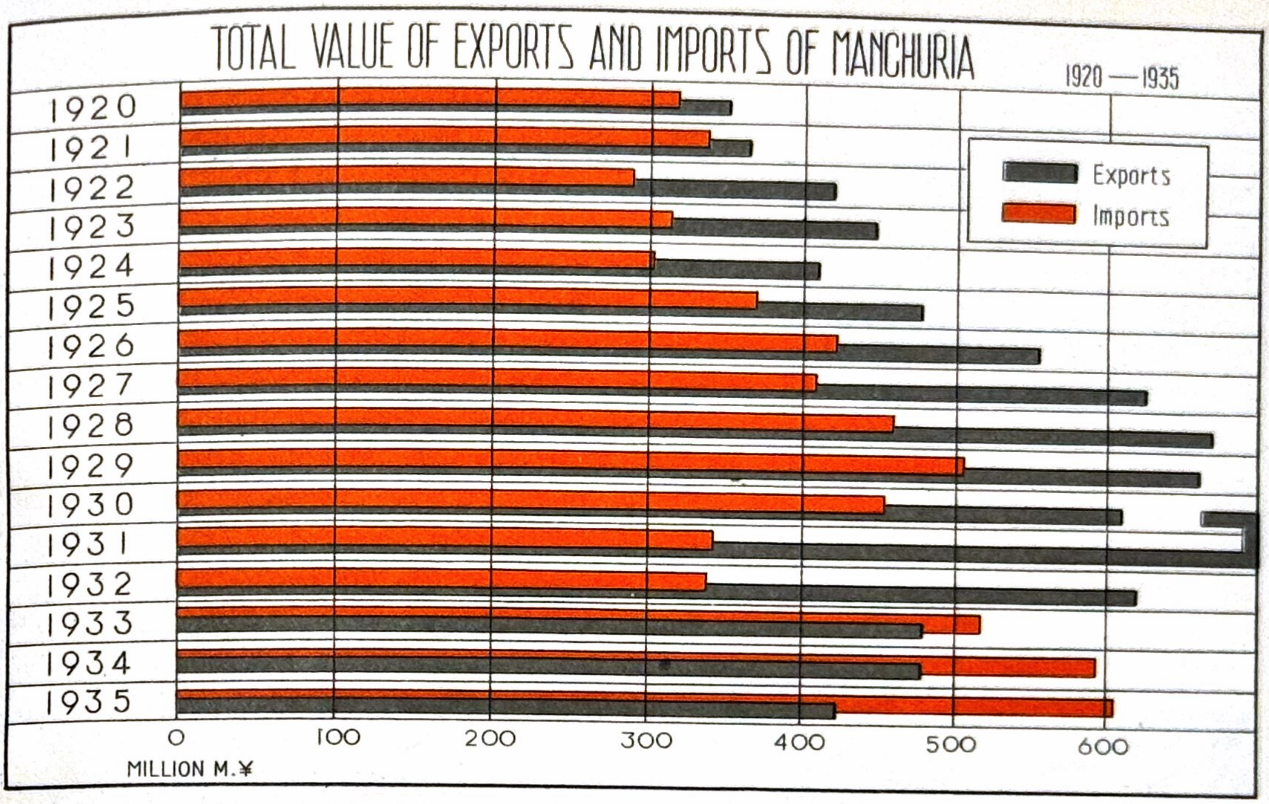
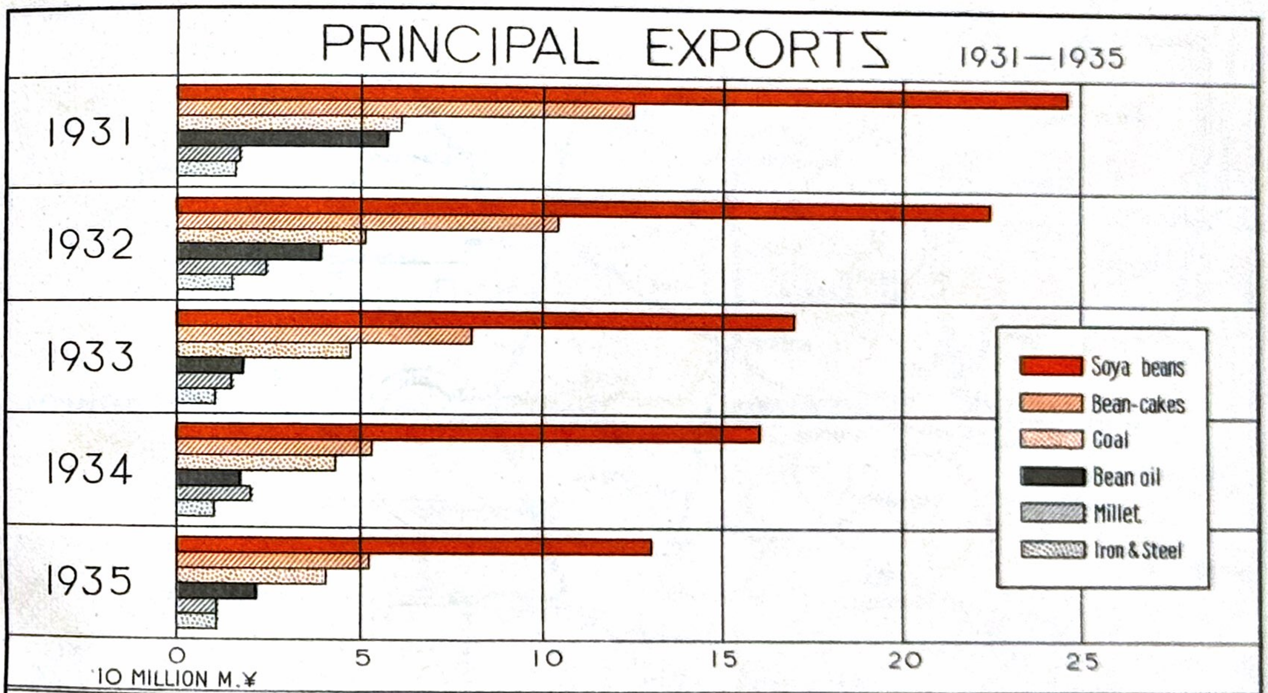


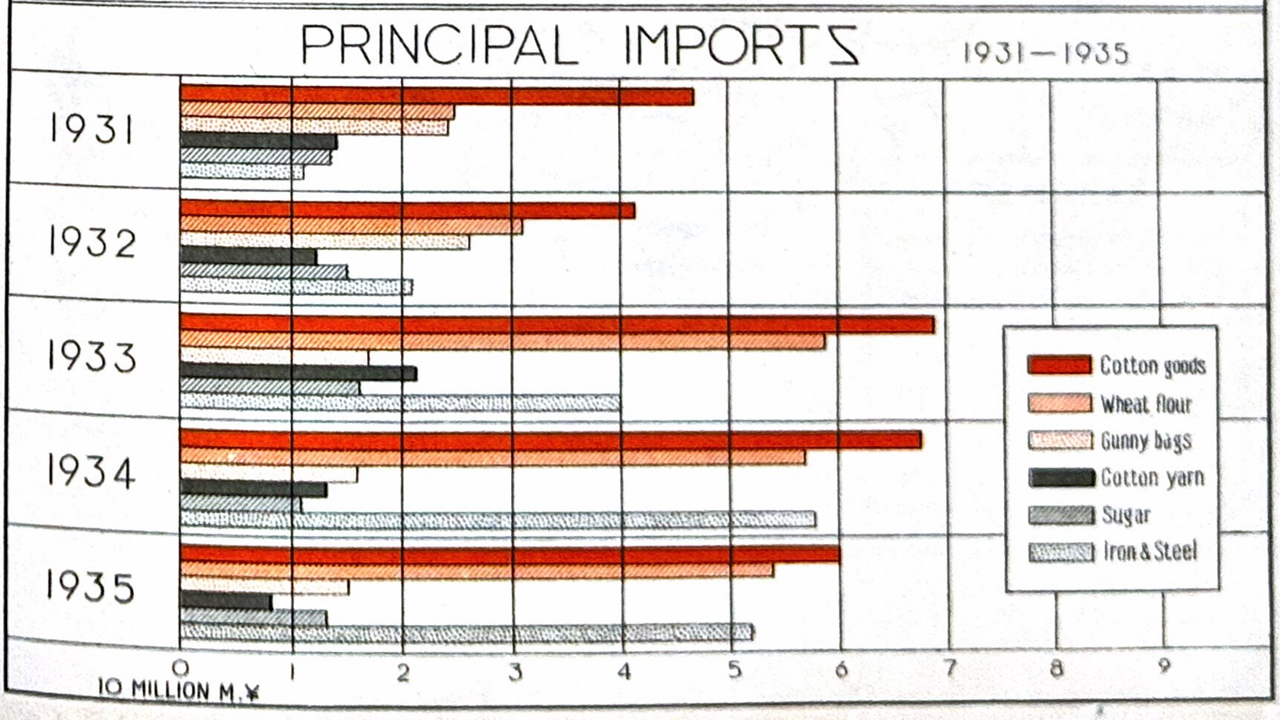
PRINCIPAL EXPORTS

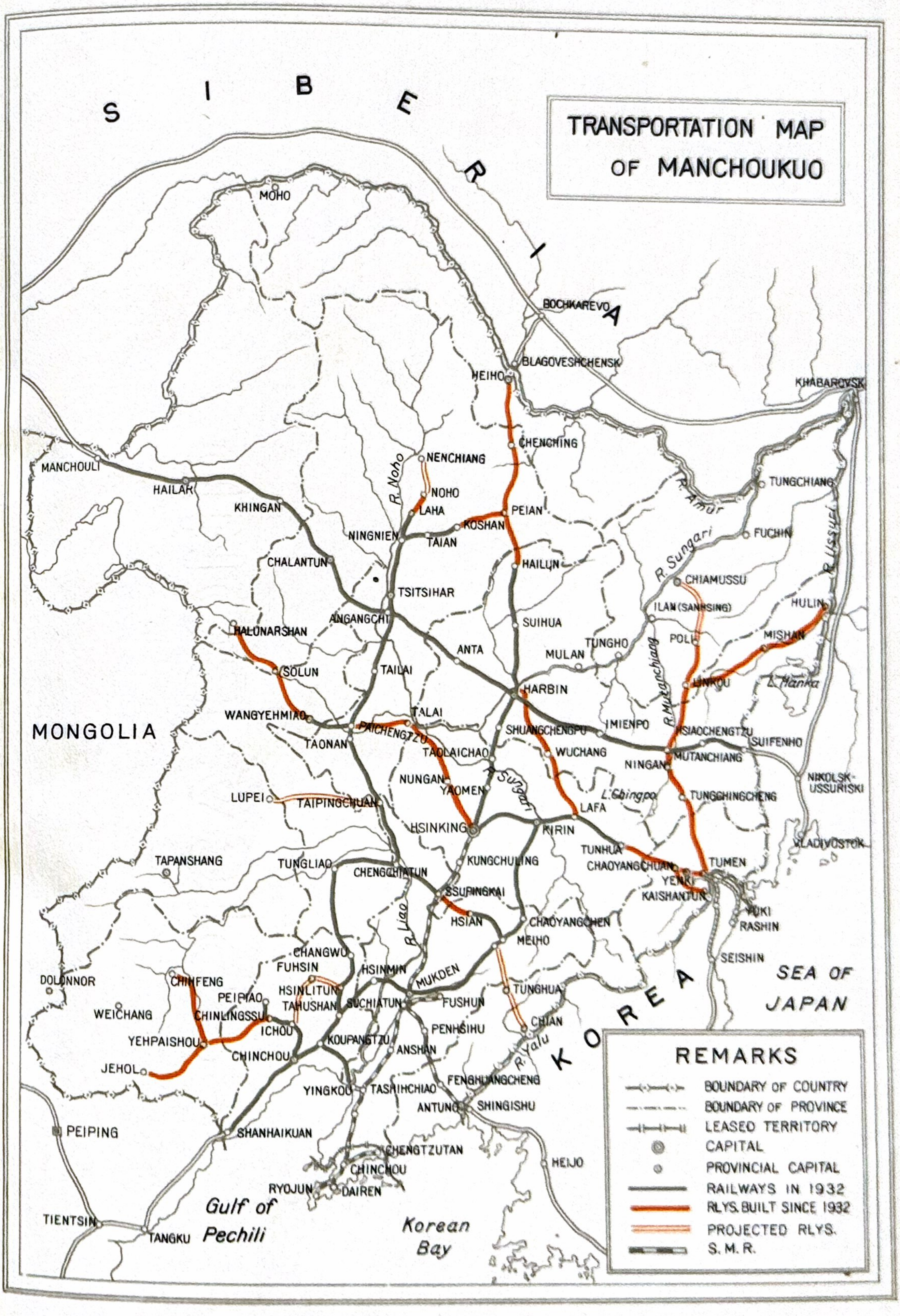
1931—1935



PRINCIPAL IMPORTS

1931—1935





TRANSPORTATION MAP OF MANCHOUKUO

SIBERIA
MONGOLIA
KOREA
SEA OF JAPAN
Gulf of Pechili
Korean Bay
R. Amur
R. Sungari
R. Ussuri
R. Noho
R. Liao
R. Yalu
R. Mutanchiang
L. Hanka
L. Chingpo
MOHO
BOCHKAREVO
BLAGOVESHCHENSK
HEIHO
KHABAROVSK
CHENCHING
NENCHIANG
NOHO
LAHA
PEIAN
KOSHAN
TAIAN
NINGNIEN
MANCHOULI
HAILAR
KHINGAN
CHALANTUN
TSITSIHAR
HAILUN
TUNGCHIANG
FUCHIN
CHIAMUSSU
ILAN (SANHSING)
HULIN
MISHAN
POLI
LINKOU
ANGANGCHI
HALUNARSHAN
SUIHUA
TUNGHO
MULAN
ANTA
TAILAI
SOLUN
HARBIN
WANGYEHMIAO
TALAI
PAICHENGTZU
TAONAN
SHUANGCHENGPU
IMIENPO
HSIAOCHENGTZU
SUIFENHO
TAOLAICHAO
WUCHANG
NINGAN
MUTANCHIANG
NIKOLSK-USSURISKI
NUNGAN
YAOMEN
LUPEI
TAIPINGCHUAN
LAFA
TUNGCHINGCHENG
HSINKING
KIRIN
VLADIVOSTOK
TAPANSHANG
TUNGLIAO
KUNGCHULING
TUNHUA
TUMEN
CHENGCHIATUN
CHAOYANGCHUAN
YENKI
KAISHANTUN
SSUPINGKAI
HSIAN
YUKI
RASHIN
CHAOYANGCHEN
MEIHO
SEISHIN
CHANGWU
FUHSIN
HSINMIN
MUKDEN
DOLONNOR
CHIHFENG
PEIPIAO
HSINLITUN
TAHUSHAN
SUCHIATUN
FUSHUN
TUNGHUA
WEICHANG
CHINLINGSSU
ICHOU
PENHSIHU
CHIAN
YEHPAISHOU
KOUPANGTZU
ANSHAN
JEHOL
CHINCHOU
YINGKOU
TASHIHCHIAO
FENGHUANGCHENG
ANTUNG
SHINGISHU
PEIPING
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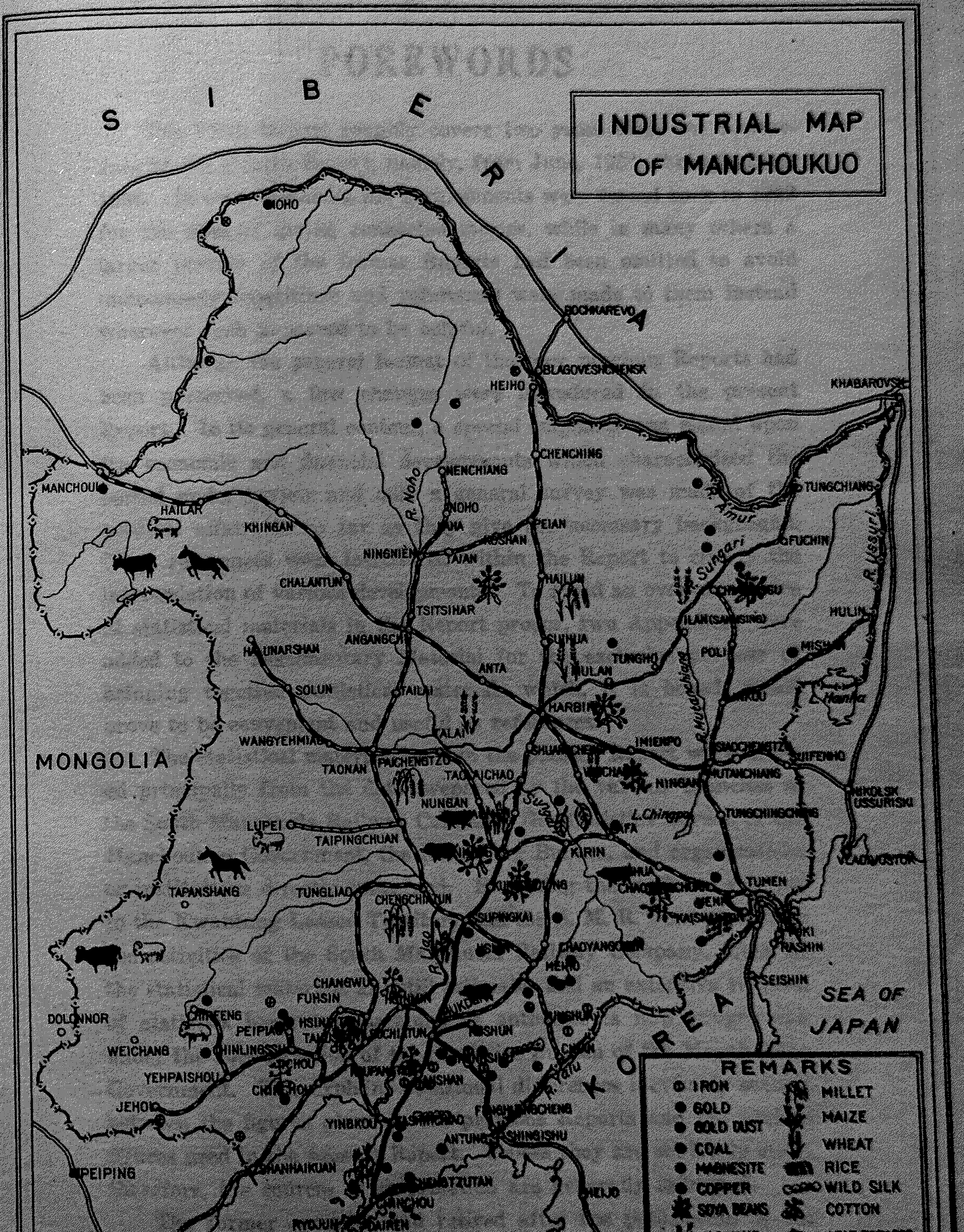
PROJECTED RLYS.
S. M. R.



INDUSTRIAL MAP OF MANCHOUKUO

SIBERIA
MONGOLIA
KOREA
SEA OF JAPAN
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R. Amur
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TAIAN
CHALANTUN
HAILUN
TSITSIHAR
ANGANGCHI
HALUNARSHAN
SOLUN
TAILAI
ANTA
SUIHUA
TUNGHO
HULAN
HARBIN
TUNGCHIANG
FUCHIN
ILAN (SANSING)
POLI
HULIN
MISHAN
LINKOU
IMIENPO
WANGYEHMIAO
TAONAN
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TAOAICHAO
SHUANGCHENGPU
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CHAOYANGCHEN
HAILUNG
YENKI
KAISHANTUN
YUKI
RASHIN
SEISHIN
CHANGWU
FUHSIN
HSINMIN
MUKDEN
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CHIAN
DOLONNOR
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KOUPANGTZU
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PENHSIHU
SUCHIATUN
JEHOL
CHAOCHOU
YINGKOU
TASHIHCHIAO
FENGHUANGCHENG
ANTUNG
SHINGISHU
SHANHAIKUAN
PEIPING
PITZUWO
KINCHOU
RYOJUN
DAIREN
HEIJO
TIENTSIN
TANGKU
REMARKS
IRON
GOLD
GOLD DUST
COAL
MAGNESITE
COPPER
SOYA BEANS
KAOLIANG
MILLET
MAIZE
WHEAT
RICE
WILD SILK
COTTON
LEAF TOBACCO
HORSE, COW, SHEEP, PIG, ETC.

FOREWORDS

The Fifth Report roughly covers two years since the appearance of the Fourth Report, namely, from June, 1934, through June, 1936. In some instances the developments were traced back to 1932 for the sake of giving connected stories, while in many others a larger portion of the former Reports had been omitted to avoid unnecessary repetitions and references were made to them instead wherever such appeared to be helpful.

Although the general format of the four previous Reports had been preserved, a few changes were introduced in the present Report. In its general content, a special emphacis was placed upon the economic and financial developments which characterized the period under review and only a general survey was made of the political affairs in so far as they give the necessary background. Cross references were introduced within the Report to clarify the inter-relation of various developments. To avoid an over-abundance of statistical materials in the Report proper, two Appendices were added to the Documentary Material for the exclusive purpose of bringing together statistical materials which, it is hoped, would prove to be convenient and useful as references.

The statistical materials used in the present Report were derived principally from the data prepared by the various branches of the South Manchuria Railway Company, the Statistics Bureau of the Manchoukuo Government, the Kwantung Bureau, and organizations or institutions directly concerned. Excepting the statistics relating to the Kwantung Leased Territory and the S. M. R. Zone as well as the activities of the South Manchuria Railway Company, much of the statistical materials are still estimates and an extensive revision of statistics heretofore accepted as authentic is now progressing under the able direction of the Statistics Bureau of the Manchoukuo Government. This explains occasional differences inevitably arising between the figures given in the previous Reports and the revised figures used in the present Report. Unless they are obviously clear, therefore, the sources of information are generally indicated.

The former compiler had retired after the publication of the Fourth Report and the undersigned compiler assumes the full responsibility for the present Report.

Roy H. Akagi.

Tokyo, July 1, 1936.

I POLITICAL DEVELOPMENT

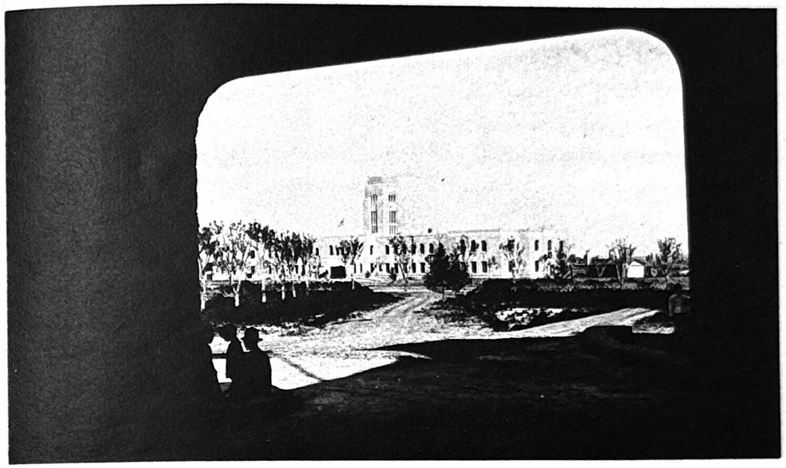
1 Political Readjustment in Manchoukuo

The emergence of Manchoukuo and the declaration of her independence from China ushered in a new era in Manchuria and the Far East. In the midst of skeptical but scrutinizing international observance, the new State undertook a gigantic task of national reconstruction and its achievements during the first four years of statehood have been nothing short of a marvel. In many respects, it has successfully carried out reforms which were believed to be practically impossible under the former military regime. And the epochal progress widens its horizen and deepens its penetration as time goes on.

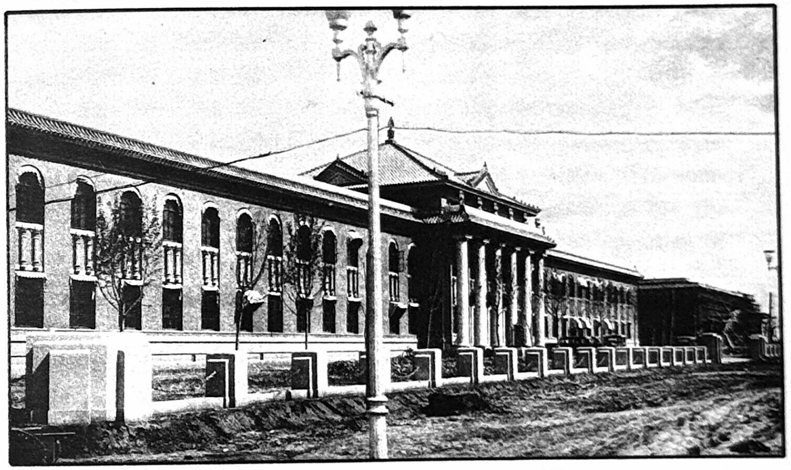
The backbone of this marvellous achievement is without doubt the successful execution of political reconstruction, the building of a modern State on the ruins of feudalistic war-lordism. Most significant in this sense was the official transition from Manchoukuo to Manchoutikuo. This epochal transition was made on March 1, 1934, when Chief Executive Pu Yi was enthroned as Emperor Kangte. Under the new Organic Law of the Manchou Empire, the State is completely centralized in the throne. The Emperor represents the State; supervises the sovereign rights and exercises them in accordance with the Organic Law; issues or causes to be issued ordinances for the maintenance of public peace and order and for the execution of laws; possesses the power to declare war, to make peace, and to conclude treaties; enjoys the supreme command of the army, navy, and air forces; and has the power to grant amnesty, special pardon, commutation of punishments, and restoration of civil rights. The Privy Council advises the Emperor on His various functions, while the legislative, judicial, administrative, and supervisory authorities execute their respective functions under His general supervision. The people are guaranteed the freedom and rights of their life and property, which guarantees were completely lacking before the establishment of Manchoukuo. The basic philosophy of the new State is the "Wangtao" or the "Way of Benevolent Ruler". (For the text of the Organic Law, see Fourth Report, Appendix No. 18.)

The progress of centralization was further perfected by either abolishing or reforming all vestiges of the former regime and by incorporating new constitutional principles. Most noteworthy in this respect is the introduction of the State Council, the Legislative Council, the Courts of Justice, and the Supervisory Council as the chief organs of the central administration. This system of four independent branches of administration is peculiar to Manchoukuo as the administrative organization in most modern States is that of three independent branches, namely, the executive, the legislative and the judiciary, while that in China is the separation of five authorities, namely, the executive, the legislative, the judiciary, the supervisory, and the examinational. The Prime Minister heads the State Council and controls the Ministers of nine Departments, namely, Civil Affairs, Foreign Affairs, Mongolian Affairs, Defence, Finance, Industry, Communication, Justice, and Education. From the very first day of the establishment of the New State, Hon. Cheng Hsiao-hsu, a venerable statesman and a talented man of letters, served as the Prime Minister and, after three years of most sacrificial pioneer service, retired from the public life in May, 1935. He was succeeded in that responsible office by General Chang Ching-hui, the former Minister of Defence. Other Ministers are Lu Jung-huan, Civil Affairs; Chang Yen-ching, Foreign Affairs; General Yu Chi-sha, Defence; Sun Chih-chang, Finance; Ting Chien-hsiu, Industry; Li Shao-keng, Communications; Feng Han-ching, Justice; Yuan Chen-tse, Education; and Chi-mo-te-se-mu-pi-lo, Mongolian Affairs. The Minister of the Imperial Household is Hsi Chia and the President of the Privy Council is Tsang Shih-yi.

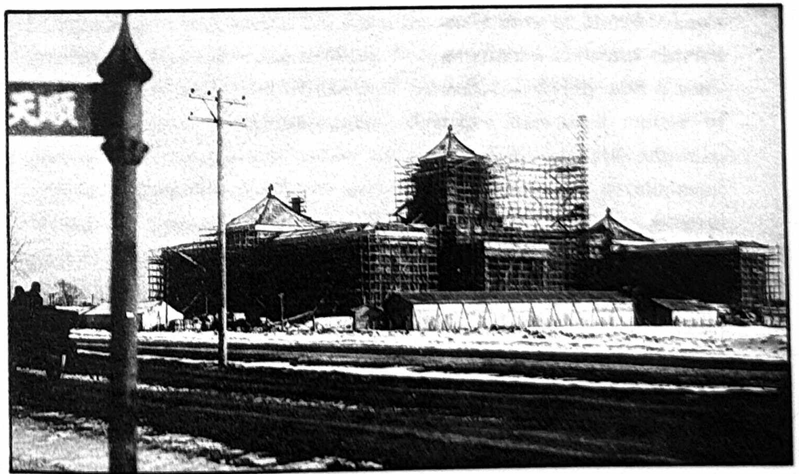
In line with the same spirit of reform, the reorganization of local administration was effected on December 1, 1934, when the former "Four North-Eastern Provinces" were replaced by fourteen *Sheng* or Provinces (For details, see below Section 2). Under the new system, the Sheng became a mere administrative organ of the Central Government, while the division of administrative functions between the central and local authorities were clearly demarcated. Thus, the Governor remains under the charge and supervision of the Prime Minister and the Departmental Ministers. He is empowered to enforce all laws and to fulfill all instructions within his Sheng and he superintends all affairs of administrative character. On the other hand, unlike the practices in force under the former regime, moreover, the collection of taxes, the stationing of troops, and the compilation of budgets are done under the direction of the Central Government. The realization of this noteworthy change, not only helped to unify local administration, but also eliminated opportunities for fraudulent practices and divisional dissentions which characterized the local administration be-



The Capital Construction Bureau, Hsinking



New Hsinking: The Department of Finance



New Hsinking: The State Council Building under Construction fore 1932. A Sheng is further subdivided into *Hsien* or Prefectures and a Hsien into *Chu* and *Tsun* as the last local administrative organs. In addition, the Hsinking and Harbin Special Municipalities and the North Manchuria Special District were placed under the direct jurisdiction of the Department of Civil Affairs.

Another significant change brought about in the local administration in December, 1934, is the establishment of the Department of Mongolian Affairs and the incorporation of the administration of the newly created four Hsingan Provinces under its jurisdiction. In the organization of the various local administrative organs, the Mongolian tradition was followed and preserved to a large extent. Thus the administrative units of the Hsingan Provinces are *Chi* or Banners. A Chi is a legal body under the supervision of the State and handles all public affairs with the sanctions of the Department of Mongolian Affairs. It has an autonomous assembly to determine the budget and other important matters.

And thus, for the first time in its history, Manchuria came to enjoy the real benefit of statehood with its administrative organs in the modern sense of the term. The basic structure thus completed only awaits further perfection and substantiation for the consummation of a system of smooth and coordinated execution of administrative affairs.

2 Reorganization of Administrative Divisions

An efficient administration of Manchoukuo required efficient organization of local administration. For such a purpose, the administrative divisions which existed in Manchuria under the former militarist regime were too vast and unscientific, and the need of reorganization was keenly felt from the early days of Manchoukuo's statehood. Moreover, the existing four provincial divisions carried with them the memories of the past misrule too vividly and a complete renovation of administrative divisions became a matter of prerequisite for the realization of new and enlightened administration. Geographic factors and the trend of new development caused the emergence of new centers and also changed the general map of Manchoukuo decidedly since 1932.

The new administrative demarcation of the realm was undertaken with such a background. The work was actually instituted with the appointment of the Local Administration Research Commission in February, 1934. In launching this important work, the Commission was guided by four fundamental principles: (1)

to take into consideration the present and future transportation and communication facilities; (2) to take into consideration the correlation of chief centers within the province, especially from the viewpoint of communication and economic necessity; (3) to bring about a perfect coordination between the size of the province and its functional activities; and (4) to guarantee a maximum of freedom and convenience in the relations between the organs of local administration. After a careful study, the new administrative division thus undertaken was announced on October 11 and November 28, 1934.

The new administrative divisions thus created, with their respective areas and population, are as follows:

NEW PROVINCES IN MANCHOUKUO

Provinces	Area Sq. Kms.	Population
Kirin	89,910	4,797,477
Lungkiang	125,537	2,175,084
Heiho	109,813	52,736
Sankiang	107,545	912,382
Pinkiang	143,425	4,209,957
Chientao	29,395	599,683
Antung	48,226	2,783,642
Fengtien	85,546	9,510,031
Chinchow	39,462	3,277,099
Jehol	96,585	2,611,157
Hsinking Special Municipality	191	145,942
Harbin Special Municipality	930	483,465
North Manchuria Special District	1,147	218,779
West Hsingan	80,411	402,158
South Hsingan	79,022	589,355
East Hsingan	106,751	57,041
North Hsingan	160,396	43,066
Total	1,304,292	32,869,054

3 Reorganization of Japanese Jurisdiction

Up to 1931, the Japanese jurisdiction in Manchuria presented a quadruple front, the Kwantung Government in the Leased Territory, the South Manchuria Railway Company in the Railway Zone, the Consulates in various consular districts, and the Kwantung Army. Although each one of these organs had its own special mission the desire for a unified administration was growing everywhere. The outbreak of the Manchurian Incident and the subsequent establishment of Manchoukuo helped to materialize this desire and a sweeping change was effected in 1932. The new system unified the administrative diversity by entrusting three offices in

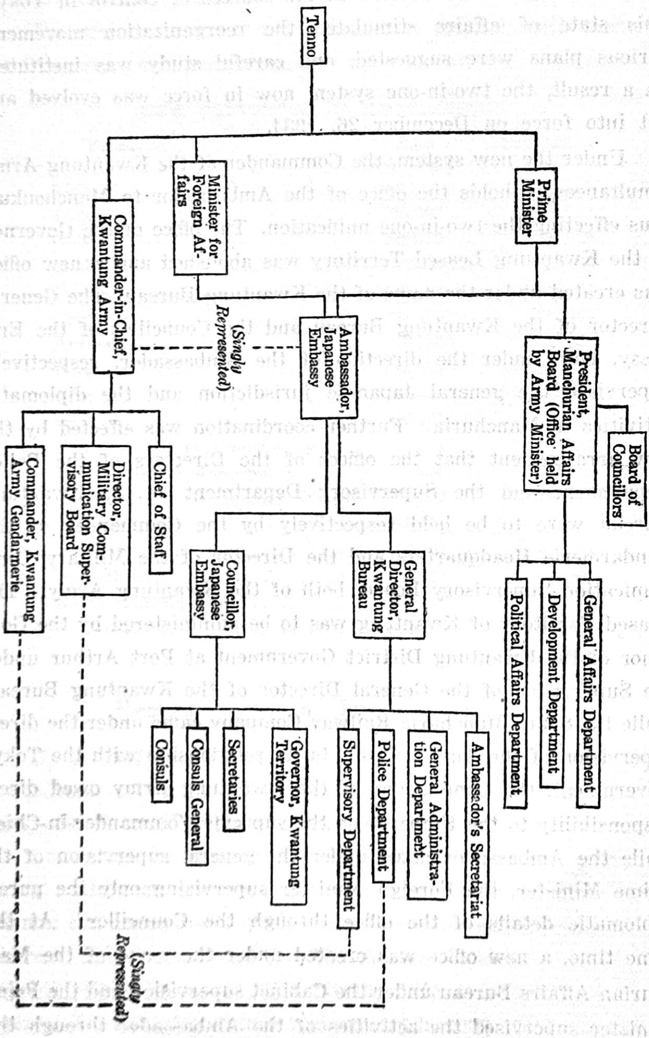
one person and subordinating the fourth. On August 8, 1932, Field Marshal Nobuyoshi Muto became the Commander of the Kwantung Army, the Governor of the Kwantung Leased Territory, and the Ambassador to Manchoukuo. Upon Field Marshal Muto's death, General Takashi Hishikari succeeded him on July 28, 1933.

Such a change from the four-headed front to the three-in-one jurisdiction was an improvement but various difficulties were still felt both in Manchuria and in Tokyo. This was largely due to the fact that the shift was made only on the Manchurian front and no changes were effected at the sources of control in Tokyo. This state of affairs stimulated the reorganization movement, various plans were suggested, and careful study was instituted. As a result, the two-in-one system now in force was evolved and put into force on December 26, 1934.

Under the new system, the Commander of the Kwantung Army simultaneously holds the office of the Ambassador to Manchoukuo, thus effecting the two-in-one unification. The office of the Governor of the Kwantung Leased Territory was abolished and a new office was created under the name of the Kwantung Bureau. The General Director of the Kwantung Bureau and the Councillor of the Embassy, both under the direction of the Ambassador, respectively supervised the general Japanese jurisdiction and the diplomatic activities in Manchuria. Further coordination was effected by the new arrangement that the offices of the Directors of the Police Department and the Supervisory Department of the Kwantung Bureau were to be held respectively by the Commander of the Gendarmerie Headquarters and the Director of the Military Communication Supervisory Board, both of the Kwantung Army. The Leased Territory of Kwantung was to be administered by the Governor of the Kwantung District Government at Port Arthur under the Supervision of the General Director of the Kwantung Bureau, while the South Manchuria Railway Company came under the direct supervision of the Ambassador. In its relationship with the Tokyo Government, the Commander of the Kwantung Army owed direct responsibility to the Emperor as the supreme Commander-in-Chief, while the Ambassador acted under the general supervision of the Prime Minister, the Foreign Minister supervising only the purely diplomatic details of the office through the Councillor. At the same time, a new office was created under the name of the Manchurian Affairs Bureau under the Cabinet supervision and the Prime Minister supervised the activities of the Ambassador through this office. Moreover, the Army Minister simultaneously held the office of the President of the Manchurian Affairs Bureau, thus effecting the coordination between the civil and military administrations. Under this new system, General Jiro Minami became the first Ambassador and the Commander-in-Chief of the Kwantung Army. He was succeeded by General Kenkichi Uyeda in April, 1936.

The following chart shows the reorganized Japanese administration in Manchuria:

JAPANESE JURISDICTION IN MANCHURIA


Tenno
Commander-in-Chief, Kwantung Army
Minister for Foreign Affairs
Prime Minister
(Singly Represented)
Ambassador, Japanese Embassy
President, Manchurian Affairs Board (Office held by Army Minister)
Board of Councillors
Commander, Kwantung Army Gendarmerie
Director, Military Communication Supervisory Board
Chief of Staff
Councillor, Japanese Embassy
General Director, Kwantung Bureau
Political Affairs Department
Development Department
General Affairs Department
Consuls
Consuls General
Secretaries
Governor, Kwantung Territory
Supervisory Department
Police Department
General Administration Department
Ambassador's Secretariat
(Singly Represented)

4 Contemplated Relinquishment of Extraterritoriality

Japan, with other Western Powers, enjoys the privileges of extraterritoriality in China. In the light of her own experiences in the past, Japan more than once expressed her willingness to relinquish her extraterritorial privileges in China provided the latter is able to enforce justice in a strictly modern sense, but the conditions prevalent in China have not warranted such a procedure to date. The emergence of Manchoukuo brought about a complete change in this connection so far as the former Four North-Eastern Provinces are concerned, and, by 1934, a desire for the eventual abolition of extraterritoriality in Manchoukuo began to be seriously considered both by Hsinking and Tokyo.

With a steady and brilliant progress as an independent State and a gradual assurance of peace and order within her borders, Manchoukuo began to feel the anomalous pressure and burden of extraterritoriality. Manchoukuo can not arrest and prosecute Japanese subjects in her own courts; she can not enforce general police regulations upon Japanese subjects; she can neither levy taxes upon Japanese subjects nor supervise Japanese enterprises of all kinds. The result was an unfair status which the Manchoukuo subjects occupied in their own land in comparison with the Japanese subjects. All the more an urge for the eventual abolition of extraterritoriality in Manchoukuo became pronounced. At the same time, however, the young State early realized the as yet imperfect and often primitive status of its various administrative and judicial organs and began to prepare with added earnestness for their modernization. Thus the State had appropriated over 8,000,000 yuan for the fiscal year 1934, in addition to the ordinary requirement due to the general progress and development, for the sole purpose of instituting improvements which will expedite the abolition of extraterritoriality and began to push its program most vigorously in this direction. As a result of such a studied effort, Manchoukuo had made a phenomenal progress in all branches of national reforms. Some of the outstanding accomplishments may be summarized as follows:

1. *Industrial Rights.* For the purpose of coordinating the economic needs of Japan and Manchoukuo and safeguarding the productive activities of Japanese subjects in Manchoukuo, laws and regulations governing production have been issued and enforced, or are being contemplated. Among them may be mentioned Trade Mark Law, Patent and Invention Law, and fifteen others

relating to industrial rights of possession; Mining Law and eight others relating to mining rights; six laws relating to markets; three laws concerning stock-farming; Currency Law, Banking Law, Foreign Exchange Control Law, Rural Credit Association Law, and fifteen others relating to currency and credit.

2. *Taxation System.* As noted elsewhere (See below, Section 11), the reforms in the taxation system are progressing smoothly and the corrupt feudal system is rapidly giving its way to a completely unified and trustworthy modern system.

3. *Police System.* In the maintenance of law and order and the preservation of the rights of life and property, Manchoukuo took steps, first of all, to unify the variegated and decentralized police systems existing under the former regime, to enforce national police laws and regulations, and to perfect police forces. The project of unification was effected through the complete centralization of the country's police administration and the organization of special police forces such as railway and forest guards. The task of formulating and proclaiming laws and regulations was also completed by the promulgation of three Imperial Ordinances and the proclamation and enforcement of eight Regulations governing the functions of the new police system. Other regulations are now in preparation. The perfection of police forces was accelerated by the initiation of the police training system, both central and local, the adoption of a system under which several scores of police officials are trained in Japan, and the employment of trained Japanese police officials (See below, Section 5).

4. *Judicial System.* The reforms in the Manchoukuo judicial system is following three basic lines: (1) reorganization of judicial organs, (2) codification and promulgation of various codes, and (3) improvement and perfection of the judicial personnel. The first task resulted in the promulgation of an Organic Law on January 4, 1936, and extensive reforms are now progressing. These reforms include the reforms in prisons and prison administration also. For the materialization of the second project, the Government has appointed in 1933 a special committee of experts in the Department of Justice, whose members in separate groups have been engaged in the drafting of civil, criminal, commercial, and civil procedure codes as well as relating regulations. As a result, several laws have been already promulgated. These includes the Provisional Business Registration Law, the Auction Law, the Notary Public Law, the Barrister Law, the Commercial Registration Law, the Law on Foreign Juridical Persons, the Civil Procedure Cost Law, the Criminal Procedure Cost Law, and the Law on Non-Contentious Cases. To date, however, most energetic effort had been exerted in bettering the personnel of the judicial administration and benches. Thus, up to the end of 1935, nearly 60 able Japanese judicial officials have been employed by the Department of Justice, over 50 Japanese judicial official have been assigned to the Supreme, Higher, and District Courts in the principal cities where Japanese and other foreign nationals are residing in large numbers, and 99 Japanese officials have been assigned to the prison administration. For the training of competent Manchou judicial officials a law college under the supervision of the Department of Justice had been established, while many Manchou officials have been sent to Japan for advanced legal training.

5. *Postal Administration.* The old system had been replaced by a completely modernized postal administration and the country has seen an amazing progress in matters relating to mail, postal money orders, postal savings, postal money transfers, and postal pension (See below, Section 27), The Japan-Manchoukuo Postal Agreement which went into force on January 26, 1936, is a happy prelude to the elevation of Manchoukuo's postal administration to the level of that in Japan.

With these phenomenal accomplishments already made or being contemplated, the Government of Manchoukuo began to negotiate with Japan for an eventual abolition of extraterritoriality in Manchoukuo and to prepare for such an eventuality. The Government ordered, in December, 1934, the Provincial Governors to gather materials for the abolition of extraterritoriality. A special committee had been appointed in February, 1935, and began to make serious preparations.

With such a background, the Japanese Government began to give more serious attention to the question by 1934, and a Preparatory Committee for the Relinquishment of Extraterritoriality in Manchoukuo held its first meeting on February 13, 1935. A similar Committee was also appointed at Hsinking and began to make a thorough study of the question on the spot. As a result of these efforts, the Tokyo Committee, at its third meeting on March 18, reached a complete agreement for relinquishing Japan's extraterritorial rights in Manchoukuo by 1938. The Hsinking Committee, at its second meeting on April 16, also formulated general principles for the relinquishment of various administrative and extraterritorial rights in the S. M. R. Zone. The first definite result of studies and deliberations thus made and those which followed themselves one after another in the actual arrangement of such a historic nature, and the year ended without seeing the final agreement. However, a decided progress had been made during the six months which followed that a tentative agreement had been reached by the end of February, 1936, and the Japan-Manchoukuo Extraterritoriality Treaty was signed at Hsinking on June 10, 1936, by General Kenkichi Uyeda, the Japanese Ambassador to Manchoukuo, and Mr. Chan Yen-ching, the Manchoukuo Minister for Foreign Affairs.

By this Treaty, which went into force on July 1, 1936, the Manchoukuo Government granted to Japanese subjects the freedom "to reside and travel and engage in agriculture, commerce, and industry, and to pursue callings and professions, whether public or private" and "all the rights relating to land" in Manchoukuo. In return, the Japanese Government agreed to abolish in gradual stages its extraterritorial privileges and to partially transfer or adjust its administrative rights in the S. M. R. Zone. As a first step in this direction, the Japanese Government recognized, subject to stipulations specified in the Supplementary Agreement, the Manchoukou laws and regulations relating to taxation and industries. The Supplementary Agreement was drawn up to prevent sudden and violent changes in the economic life of Japanese subjects in Manchoukuo on account of the partial abolition of extraterritoriality. A most notable stipulation is the proposed abolition of the Japanese administrative police throughout Manchoukuo, including the S. M. R. Zone, by the end of 1937. (For the texts of the Treaty and the Supplementary Agreement, see Appendix III, No. 13.)

5 Peace and Order

(1) *Progress in Bandit Pacification.*

One of the eternal ills of China seems to be the powerlessness of the authorities, both national and local, against the forces of organized banditry. Manchuria was no exception to that state of affairs and Manchoukuo had inherited the delicate task of bandit subjugation.

The "bandit" hordes in Manchuria are unique and may be roughly divided into five categories: (1) so-called "political bandits" formerly under command of notorious political leaders, such as Ma Chan-shan, Ting Chao, and Su Ping-wen; (2) "professional bandits" who are the traditional outlaws of Manchuria; (3) "civil-ian bandits" who had been forced to take up banditry on account of economic necessity to get a livelihood; (4) "religious bandits" who ravage the interior districts from religious motives, especially in view of their affiliation with such native religious bodies as the Tataohui (Big Sword League) and Hungchianghui (Red Spear League); and (5) minor groups of farmers and workers in abject poverty. After the birth of Manchoukuo, the escaped Chinese soldiers and irregulars, in tune with the Nanking political propaganda, constituted the most troublesome disturbing element. In all some 200,000 "bandits" were reported to have been befesting various sections of Manchuria (See Fourth Report, Sections 30–32).

After the emergence of Manchoukuo, a new era dawned over Manchuria. The Government of Manchoukuo, at the same time introducing various organs and facilities for the maintenance of internal peace and order, instituted a determined campaign for the pacification of bandit hordes (See Fourth Report, Sections 33–34). As a result of strenuous efforts exerted by the national army and police forces and assisted by the Japanese troops, the work has been considerably accelerated and the number of outlaws became exceedingly small. It is reported that, as against some 200,000 bandit hordes in 1932, there are to-day about 20,000. This number continues to decrease with the progress of campaigns. It is most interesting to note that many notorious leaders of bandits and irregulars, repenting their atrocious activities and seeking the blessings of the "Rule of Wangtao", have surrendered themselves, together with their subordinates, one after another to the new regime and are now engaged in legitimate professions.

(2) *Reforms in Police Administration.*

Under the former regime the police system was completely decentralized, differing according to provinces and districts. There were also numerous special policing organs besides the general police, making the police administration further complicated. Moreover, corrupt administration was general and discretion rather than justice played an important role, while bribery and various illegal practices prevailed. The police recruiting and tax collection were often farmed out to the highest bidder as in the old Roman Empire. In some districts, the police and the troops were not clearly differentiated and the military interference in the police administration was quite common.

With the establishment of Manchoukuo, all of these prevalent evil practices were completely abolished through the unification of

police administration, the improvement of police personnel, the training of police officers, and the modernization of police system in general (See Fourth Report, Section 37). Under the new system, the Central Government completely controls the police administration and the organs of police administration are systematically organized from the Metropolitan Police Board and the Provincial Police Boards downward to the Special Police Corps and the Auxiliary Police Organs. For the purpose of educating police officials who shall effectively enforce such new deal in the Manchoukuo police administration, the Central Police Institute was established in Hsinking, while the Police Training Quarters attached to the Institute and also to District Police Boards and Hsien Offices train *chingshih* or guards. The revolution in the police administration thus introduced is rapidly progressing and a complete modernization of Manchoukuo police system is definitely assured and already bearing splendid fruits.

The following table shows the distribution of the Manchoukuo police force according to Provices and the proportion of Manchurians and Japanese at the end of June, 1935:

POLICE FORCE IN TEN PROVINCES

Provinces	Manchurians	Japanese	Total
Kirin	8,763	101	8,864
Lungkiang	6,735	130	6,865
Heiho	456	36	492
Sankiang	3,496	71	3,567
Pinkiang	11,354	134	11,488
Chientao	2,376	51	2,427
Antung	7,410	96	7,506
Fengtien	18,883	168	19,051
Chinchow	6,344	78	6,422
Jehol	3,672	78	3,750
Total	69,489	943	70,432

II FINANCIAL REHABILITATION

6 Reform in Manchoukuo's Fiscal Administration

Under the former military regime in Manchuria, a financial policy was virtually non-existent. As a matter of form, it had laws and regulations relating to the budget system, the tax collection, and the treasury system; as a matter of practical procedure, such laws and regulations were completely disregarded. The deficit and the requirement for more funds, mostly caused by the military activity, were made up by issuing inconvertible bank notes, by demanding compulsory loans from the banks, by increasing the tax rates and levying new taxes, or by demanding contributions from Provincial Governments. The foundation of the note-issuing banks was weak and the market value of paper notes constantly fluctuated, usually traveling the road of depreciation. Moreover, the risk was placed wholly upon the people with the result that the public credit was impaired and the economic progress was retarded.

Projected upon this background, one can even to-day read with a mingled feeling the total expenditure of the Four North-Eastern Provinces under Marshal Chang Hsueh-liang as shown in the budget for 1930. It amounted to 143,000,000 Mexican dollars, out of which 80 per cent. or 115,000,000 Mexican dollars were used for military purposes. While the Provincial Governments under military governors in turn kept their own respective provincial accounts or budgets, the Prefectures and Municipalities in each Province enjoyed fiscal autonomy and collected minor local taxes. At the same time, they entered into contracts with the Provincial Governor for collecting central or provincial taxes. Under such a fiscal administration, the arbitrary taxation and accompanying heavy taxes, the taking of commission or bribes, and the squeeze system in all of its glaring manners were universally practiced.

With the establishment of Manchoukuo, a complete readjustment of the fiscal administration was instituted and special efforts have been exerted toward the establishment of sound financing, the maintenance of confidence in the national currency, and the realization of industrial development on the strength of better domestic credit system. Thus the Government has taken steps to centralize the fiscal administration by depriving the Provincial authorities of their financial control, and to establish a single national budget system for both the Central and Provincial Governments to cover

all revenues and expenditures of the country, however recognizing certain autonomous accounts in the Prefectures and Special Municipalities, subject to the strict supervision of the central authorities. In pursuance of this policy the Government put the following fundamental measures into operation, whereby to establish a stable fiscal system as well as to relieve the people from their long-sufferings under the old regime:

(1) Introduction of a national budget system.

(2) Readjustment of the taxation system and the government monopoly system so as to reduce the burden to be borne by the people.

(3) Readjustment of government and public enterprises and government and public properties.

(4) Improvement of the tax collecting organs (Revenue Office) by abolishing the old contract system and putting an end to the "squeeze" system.

(5) Reform in the currency chaos by establishing a central bank on a sound basis.

The readjustment of the national fiscal administration on such an extensive scale and in such a thorough manner naturally required time and the progress looked forward was to be slow. And yet all of those ideals have been translated into action during the past three short years and a rapid and sound development which has been made is nothing short of a marvel.

7 Progress in Manchoukuo's National Budget

The Manchoukuo Government has compiled its national budget five times to date since its foundation. These series of budgetary compilations reveal traces of administrative improvements and national consolidation, as well as signs of a rapid but sound development in national finance.

(1) *First Annual Budget, 1932–1933*

When the new Government came into existence on March 9, 1932, an annual budget could not be prepared immediately and the Government had to carry on provisionally with monthly estimates of expenditure and revenue. For the first five months of the new regime, the expenditures aggregated 19,327,893 yuan which were met by receipts turned over to the Manchoukuo Government by the finance offices of the former authorities, the salt gabelle, and the like. As the various administrative organs began to function properly, the Government was able to formulate the scope of government activity and to estimate revenue sources to meet the annual State expenses. As a result, the Government formally made public on October 1, 1932, its first national budget. The First Annual

Budget, covering the fiscal year from July 1, 1932, to June 31, 1933, estimated a total revenue of 101,017,000 yuan as against a total expenditure of 113,308,055 yuan. The deficit of 12,291,055 yuan was to be met by bond issues, that is, by using a part of the 30,000,000 yen loan floated in Japan on November 7, 1932, as "Manchoukuo Reconstruction Bonds." Later, a Supplementary Budget of 24,648,945 yuan was adopted for the flood rehabilitation and peace preservation works in North Manchuria, for the establishment and maintenance of the Opium Monopoly Bureau, and for the capital construction work at Hsinking. These additional expenditures were to be met by the remaining funds from the "Manchoukuo Reconstruction Bonds."

Apart from the General Budget, a Special Accounts Budget for the Capital Construction Bureau, the Road Construction Bureau, the Opium Monopoly Bureau, the Government Supply Fund, and the fund for readjusting foreign loans secured on customs revenue and salt revenue was established on March 22, 1933. These special accounts for the first fiscal year aggregated 41,631,701 yuan: 5,018,000 yuan for the capital construction, 1,500,000 yuan for the highway construction, 2,229,007 yuan for the Government supply, 13,475,057 yuan for the foreign loan adjustment, and 19,409,637 yuan for the Monopoly Bureau.

(2). *Second Annual Budget, 1933–1934*

The total estimated expenditure in the Second Annual Budget was 149,000,000 yuan, an increase of 11,000,000 yuan as compared with the figures for the first fiscal year. The revenue estimates have been augmented accordingly in anticipation of a larger return than previous years from customs duties, internal revenues, monopoly profits, especially as a result of progress made in the restoration of peace and order, the stabilization of currency, and the improvement in tax collection. Furthermore, the surplus carried forward from the first fiscal year has been included among the revenues for the second fiscal year. Adequate funds have been set aside for the redemption of old debts secured on the customs revenue and the salt gabelle, while a sinking fund has been established for the readjustment of national debts, a portion of the surplus carried forward from the first fiscal year having been used for this purpose. Moreover, the local budgets which up till then used to be compiled by each Provincial Government have been taken over by the Central Government.

The Supplementary Budgets have been drawn up during the second fiscal year. The First Supplementary Budget to the General Budget, drawn up on January 12, 1934, amounted to 18,474,441 yuan for the peace preservation work, the industrial development, the preparation for the abolition of extraterritoriality, the sinking fund, and the emergency fund. The Second Supplementary Budget, amounting to 2,879,975 yuan, has been adopted in preparation for the enthronement ceremonies to be held on March 1, 1934. Moreover, the unusually large appropriations in the Special Accounts Budget are accounted for by the Government's need of funds to meet the payment of the Government-subscribed shares of the Central Bank of Manchou and other special corporations.

Manchoukuo's total estimated expenditure for the second fiscal year ending on June 31, 1934, including the special accounts and the two supplementary accounts, was 379,671,517 yuan.

(3) *Third Annual Budget, 1934–1935*

The Third Annual Budget, covering the first fiscal year of Kangte from July 1, 1934, to June 30, 1935, exclusive of the special accounts, amounted to 188,725,058 yuan, representing an increase of 39,555,880 yuan over that of the previous year without including the latter's three Supplementary Budgets. The Special Accounts Budget stipulated 136,434,133 yuan in revenues and 126,956,705 yuan for expenditures as compared with 106,945,834 yuan each for revenues and expenditures for the preceding year. The budget has been balanced without resorting to any loan floatation except for 5,000,000 yuan which has been borrowed for constructing national highways in accordance with plans previously adopted. The successful balancing was accomplished through an increase in estimated internal revenues and customs returns. From this year the estimated revenues outstripped the estimated expenditures by 9,477,428 yuan.

(4) *Fourth Annual Budget, 1935*

The Manchoukuo Government has decided to change the fiscal year, making it to correspond to the calendar year on and after January 1, 1936. This change was effected in consideration of various inconveniences involved in the old system. For one thing, the estimate of revenue, which fluctuates much in accordance with the crop of soya beans and other agricultural products, can hardly be made with any accuracy under the old system. Moreover, the months of June and July constitute the most active period in Manchuria's economic life and it is inconvenient to divide these months by a change in the fiscal year.

In accordance with this decision the Fourth Annual Budget or the budget for the second fiscal year of Kangte was drawn up to cover only the half-year period from July 1 to December 31, 1935. Thus the estimated total expenditure was 104,998,700 yuan against the estimated total revenue of same amount. The expenditures in the Special Accounts Budget totaled 97,991,292 yuan against 131,518,108 yuan of revenues. All told, the estimated revenues amounted to 33,526,816 yuan more than the estimated expenditures.

(5) *Fifth Annual Budget, 1936*

In compiling the Fifth Annual Budget, the Government closely followed the traditional policy of solidifying the basis of national finances and of avoiding as far as possible an undue increase of expenditures. Provisions were made, as in the previous fiscal year, for the necessary preparations required for the proposed abolition of extraterritoriality and the transfer or the adjustment of administrative rights in the S. M. R. Zone, the sum of 3,600,000 yuan being set aside for this purpose. The Government has set aside a sum of 10,324,687 yuan to meet its due share of foreign loans secured on the Chinese Maritime Customs and salt gabelle, thus bringing the total of the "Adjustment Fund for Old Loans Secured on Customs Duties and Salt Gabelle" to 46,497,739 yuan. Moreover, 19,500,000 yuan has been appropriated for Manchoukuo's share of the defence expenditures incurred by the stationing of Japanese troops in Manchoukuo in accordance with the 1932 Protocol. The balance of estimated revenues over estimated expenditures rose to 57,863,772 yuan (For complete budget, see Appendix II, No. 2-a).

(6) *Summary View of Manchoukuo Budgets, 1932–1936*

If we now summarize the five budgets in term of appropriated expenditures and revenues and actual expenditures and revenues, we have the following two tables, showing a sound development of national financial administration:

COMPARISON OF GENERAL ACCOUNTS BUDGETS, 1932–1936

(Unit: M.¥)

A. Revenues

Fiscal Year	Budgetary Estimates	Index Number (First Fiscal Year of Tatung-100)	Net Receipts
Pre-Budgetary Period (March 1–June 30, 1932)	—	—	21,237,229
First Fiscal Year of Tatung (July 1, 1932–June 30, 1933)	137,957,000	100	152,922,929
Second Fiscal Year of Tatung (July 1, 1933–June 30, 1934)	170,542,352	124	194,574,151
First Fiscal Year of Kangte (July 1, 1934–June 30, 1935)	188,725,058	137	214,899,465
Second Fiscal Year of Kangte (July 1, 1935–December 31, 1935)	104,998,700	152	
Third Fiscal Year of Kangte (January 1, 1936–December 31, 1936)	219,405,000	159	

B. Expenditures

Fiscal Year	Budgetary Estimates	Index Number (First Fiscal Year of Tatung-100)	Actual Disbursements
Pre-Budgetary Period (March 1–June 30, 1932)	19,327,898	14	18,197,864
First Fiscal Year of Tatung (July 1, 1932–June 30, 1933)	137,957,000	100	129,634,904
Second Fiscal Year of Tatung (July 1, 1933–June 30, 1934)	170,542,352	124	165,482,237
First Fiscal Year of Kangte (July 1, 1934–June 30, 1935)	188,725,058	137	187,241,541
Second Fiscal Year of Kangte (July 1, 1935–December 31, 1935)	104,998,700	152	
Third Fiscal Year of Kangte (January 1, 1936–December 31, 1936)	219,405,000	159	

N. B. The index numbers of the second fiscal year of Kangte which covered only a 6-month period were figured out by doubling the actual figures of that period for the convenience of comparison.

8 Progress in Currency Unification

Before the establishment of Manchoukuo, the currency system in Manchuria presented a most confusing picture. There were in circulation no less than 15 kinds and 136 denominations, ranging from an antiquated sycee to a beautifully printed note. Especially disorderly had been the notes which the war-lords issued most indiscriminately to an astronomical figure without any specie backing and which naturally flooded the country. Some of them depreciated as low as one-seventieth of their face values in 1929. Necessarily, one of the most admirable achievements of the new State has been the complete centralization and unification of its national currency.

The beginning of the currency reform was made with the proclamation and enforcement of a completely centralized currency system for the country. The Currency Law promulgated on July 11, 1932, (See Fourth Report, Appendix No. 12) established the silver standard with the *yuan* at 23.91 grammes as its unit and placed the right to issue all Manchoukuoan coins and notes exclusively in the newly established Central Bank of Manchou. The new currency is based upon the decimal system and consists of the *yuan*, the *chiao*

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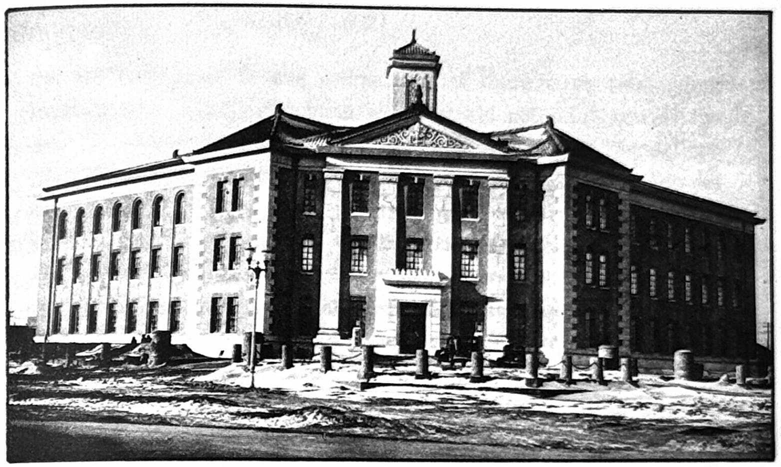
or one-tenth of yuan, the *fen*, or one-hundredth of yuan, and the *li* or one-thousandth of yuan. On this basis, the currency notes consist of 100 yuan, 10 yuan, 5 yuan, 1 yuan, and 5 chiao, while the subsidiary coins embrace the nickel coins for 1 chiao and 5 fen and copper coins for 1 fen and 5 li. While the paper note is legal tender for any amount, coins are legal tender only up to the sum equivalent to one hundred times their face value. The notes and coins thus issued by the Central Bank of Manchou have been stabilized in value and have gained the universal confidence of the people until to-day when some 180,000,000 yuan worth of new notes and 20,000,000 yuan worth of new coins constitute the accepted currency of the country (For details, see Appendix II, No. 9, b-c).

Under the military dictatorship of war-lords, both notes and coins were in most cases issued without proper specie reserves or any guarantee whatsoever, causing an endless depreciation of notes and untold inconveniences to the people. The new Currency Law therefore required the Central Bank of Manchou to possess as reserve a sum equivalent to 30 per cent. or more of the total amount of notes issued in gold and silver bullions, reliable foreign currencies, and deposits with foreign banks in gold and silver accounts, and the balances after deducting the aforementioned reserve from the total note issue in bonds, notes issued or certified by the Government, or gilt-edged securities or commercial papers. The unreserved confidence placed upon the Manchoukuo currency was largely due to this regulation and its strict observance by the Central Bank of Manchou. In fact, the Central Bank of Manchou always maintained more than 44 per cent. reserve even during the months of December and January and an average of 50 to 55 per cent. on ordinary months. The following table gives the figures at the end of June and December since the establishment of Manchoukuo (For monthly figures, see Appendix II, No. 9-b).

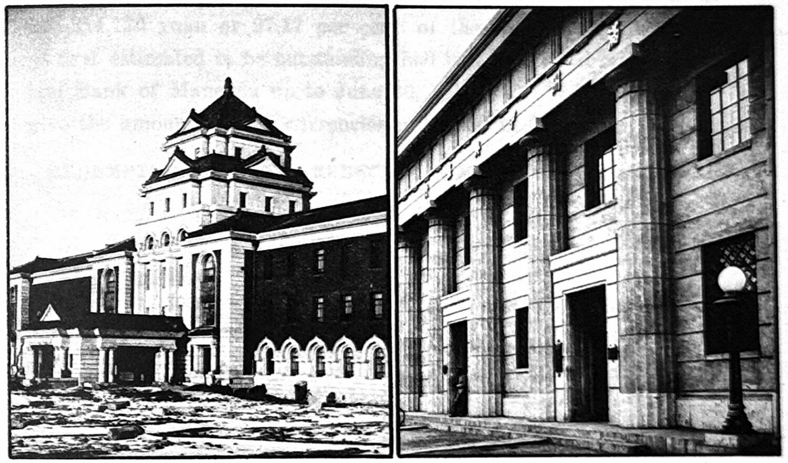
MANCHOUKUO NOTES AND SPECIE RESERVE

Year	Note Issued in Yuan	Specie Reserve in Yuan	Percentage of Specie Reserve
July 1, 1932	142,234,881	80,490,193	56.6%
Dec. 31, „	151,865,395	77,849,097	51.3%
June 30, 1933	112,263,519	76,059,565	67.8%
Dec. 31, „	129,223,637	67,567,820	52.3%
June 30, 1934	100,540,656	59,961,651	59.6%
Dec. 31, „	168,322,756	74,818,912	44.4%
June 30, 1935	113,692,412	59,595,593	52.4%
Dec. 31, „	178,655,996	92,230,971	51.6%

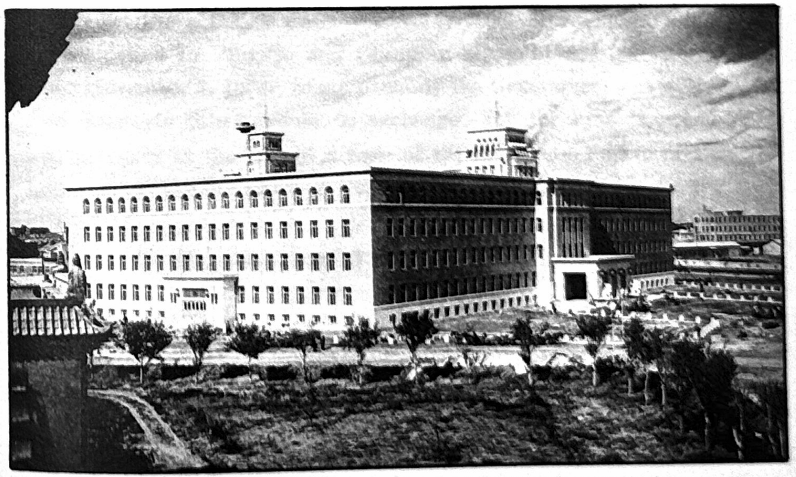
The second step taken by the Manchoukuo Government in its currency reform was the exchange and eventual withdrawal of



New Hsinking: The Department of Mongolian Affairs



New Hsinking: The Department of Justice and the Central Bank of Manchou



New Hsinking: The New Head Office of the Manchuria Telephone the old currency. It was estimated that there were outstanding in 1932 some 142,234,872 yuan worth of old notes in term of the new Manchoukuo notes. The Old Currency Adjustment Regulations promulgated on July 27, 1932, prohibited the circulation of the old currency and decreed that a certain class of currencies enumerated, fifteen in all, may be continued at the face value for two years while all others must be exchanged with the newly authorized Manchoukuo currency at a specified rate and that the Manchoukuo currency alone would become supreme after the expiration of the two-year period (See Fourth Report, Section 78). An extension of one year was proclaimed on May 23, 1934, and the period of grace allowed for the exchange was officially closed on June 30, 1935. The work of currency unification was greeted, to the surprise of old timers, with tremendous favor and a total of 138,214,120 yuan or 97.17 per cent. of the various old currencies at first estimated to be outstanding had been redeemed by the Central Bank of Manchou up to June 30, 1935. The following figures give the amounts of old currencies redeemed in six-month periods:

REDEMPTION OF OLD CURRENCIES IN MANCHOUKUO, 1932–1935
(Unit: M. ¥)

Year	Old Currencies Outstanding	Redeemed During Preceding 6 Months	Total Amount Redeemed	Percentage of Redemption
June 30, 1932	142,234,881	—	—	—
Dec. 31, 1932	93,687,824	48,547,056	48,547,056	34.13%
June 30, 1933	56,720,071	36,587,753	85,134,809	59.86%
Dec. 31, 1933	36,331,184	20,768,887	105,903,696	74.45%
June 30, 1934	9,883,510	26,447,673	132,351,370	93.05%
Dec. 31, 1934	6,575,183	3,308,327	135,659,697	95.38%
June 30, 1935	4,020,710	2,554,422	138,214,120	97.17%

Among other measures which were carried out to further the unification and stabilization of the new national currency may be mentioned the abolition on November 3, 1933, of Kuoluyin Silver in circulation in Yingkou and Chenping Silver at Antung on and after November 1, 1934. Simultaneously the Government announced that Kuoluyin Silver would be exchanged for the new Manchoukuo currency at the rate of 4 taels of the former to 1 yuan of the latter and Chenping Silver at 70.2 taels to 100 yuan.

9 Development of Financial Institutions

The financial institutions under the former regime were in a most chaotic condition, unsystematic and often unreliable. The Manchoukuo Government, therefore, took steps from the beginning to expedite a smooth development of financial facilities and to assist the general welfare and interest of the people. It established the Central Bank of Manchou as a national agency of financial control, enacted and promulgated the national banking law, supervised banking institutions under its leadership, and instituted the Rural Credit Associations in the interest of farmers and small-scale business men.

(1) *The Central Bank of Manchou*

The Central Bank of Manchou was established in June, 1932, with an authorized capital of 30,000,000 yuan (See Fourth Report, Section 76). Of this authorized capital only 150,000,000 yuan or one-half had been paid up in two payments to date. It was formed as a result of amalgamating the four former note-issuing banks and took over 433,000,000 yuan worth of the latter's assets and liabilities. Of this amount the liabilities requiring liquidation totaled 198,000,000 yuan which were paid off with the assets of the old banks, including reserves and deposits of the former military regime amounting to 165,000,000 yuan, and by the issuance of 5 per cent. bonds in April, 1933, for the payment of the remaining sum of 33,000,000 yuan. In June, 1933, a corporation named Tahsing Kungssu, capitalized at 6,000,000 yuan, was founded to take over the pawning, brewing, and sundry goods business operated and controlled by the old banks. In addition it has successfully initiated and unified the national currency, took charge of the national funds, readjusted the machinery of organization, and expanded its activities. On the other hand, it has faithfully declared 6 per cent. dividend from the very first year and its net profit has increased from 362,808 yuan for the first six-month period ending on December 31, 1932, to 939,362 yuan for the seventh six-month period ending on December 31, 1935 (See Appendix II, No. 9-a). And thus it has become the indispensable central banking and financial institution of the country and its place has been securely established. Its head office is located in Hsinking and it has four main branches at Mukden, Kirin, Harbin, and Tsitsihar and 136 local branches in all leading cities and centers.

1. *Deposits.* The banks in Manchuria were formerly regarded largely as weapons of squeeze system and people generally mistrusted them. Naturally, the amount of money deposited in various banks was very small. The Central Bank of Manchou began to encourage the saving habit of the people through its branches and the deposit accounts gradually rose. At the end of the first six-month period ending on December 31, 1932, the total amount of deposits was slightly over 50,000,000 yuan. The deposits increased rapidly since then until a total of 151,932,000 yuan was reached at the end of the seventh six-month period ending on December 31, 1935, an increase of 209 per cent. The following table gives the amount of deposits in six-month periods since 1932 (in 1,000 yuan):

DEPOSITS IN CENTRAL BANK OF MANCHOU

Year	Government Deposits	General Deposits	Total
Dec. 31, 1932	16,751	33,540	50,291
June 30, 1933	46,920	50,094	97,014
Dec. 31, 1933	32,853	38,674	71,527
June 30, 1934	54,867	72,312	127,179
Dec. 31, 1934	51,210	50,161	101,371
June 30, 1935	73,476	63,870	137,346
Dec. 31, 1935	73,734	78,198	151,932

2. *Loans.* When the Central Bank of Manchou was opened to business, the loans totaled slightly over 107,000,000 yuan. This amount has grown to 124,000,000 yuan at the end of 1932 on account of advances to the Government and loans on agricultural products. Then the amount decreased steadily for two six-month periods on account of the repayments and the decline in the price of beans, but again began to increase, due largely to the increasing loans to farmers, the rise in the price of beans, and the general industrial expansion. The following table shows the distribution of loans in six-month periods (in 1,000 yuan):

LOANS BY CENTRAL BANK OF MANCHOU

Year	Advances to Government	Others	Total
July 1, 1932	11,500	95,565	107,065
Dec. 31, 1932	23,500	100,427	123,927
June 30, 1933	19,100	89,767	108,867
Dec. 31, 1933	19,100	84,799	103,899
June 30, 1934	19,100	90,904	110,004
Dec. 31, 1934	24,600	140,493	165,093
June 30, 1935	33,746	112,736	146,482
Dec. 31, 1935	52,946	116,053	168,999

3. *Remittances.* Formerly, various provinces used different notes and the procedure for domestic remittances differed very little from that for foreign remittances based upon exchange rates. Naturally, it was extremely inconvenient and the rates were high. The unification of the currency completely changed the situation and with the lessening of fees to almost nothing the amount of domestic remittances began to increase. The following table shows the amount of domestic remittance orders issued and paid by the Central Bank of Manchou in six-month periods:

REMITTANCES THROUGH THE CENTRAL BANK OF MANCHOU

Years	Issued		Paid	
	No. of Cases	Amount in Yuan	No. of Cases	Amount in Yuan
July–Dec., 1932	57,945	126,133,630	57,440	125,025,526
Jan.–June, 1933	126,585	216,842,669	126,636	237,424,851
July–Dec., 1933	210,012	214,498,230	206,768	220,004,338
Jan.–June, 1934	260,162	243,360,852	264,246	238,484,802
July–Dec., 1934	343,776	370,848,540	344,798	363,119,049
Jan.–June, 1935	396,056	403,592,631	394,654	401,208,442
July–Dec., 1935	490,422	543,197,465	489,727	527,432,117

4. *Purchase of Gold.* Since the promulgation of the Gold Purchasing Law in June, 1933, the Central Bank of Manchou has been accorded the exclusive right to purchase all gold produced within the country. Accordingly, it has opened special offices at such places as Mukden, Antung, Chiamussu, Heiho, and Harbin, and has been purchasing native gold. With the establishment of the Gold Production Company in May, 1934, and the promulgation of the Mining Law in September, 1935, it is believed that the purchase of gold will gradually increase. Up to December 31, 1935, the amount of native gold thus purchased totaled 6,146,000 grammes valued at 20,552,000 yuan, the purchase during the first six months in 1935 alone amounting to 2,113,000 grammes. The purchase price is announced every week, and throughout 1935, it was kept at 3.50 yuan per gramme of fine gold. The quantity and value of gold purchased by the Bank for each half year period are as follows:

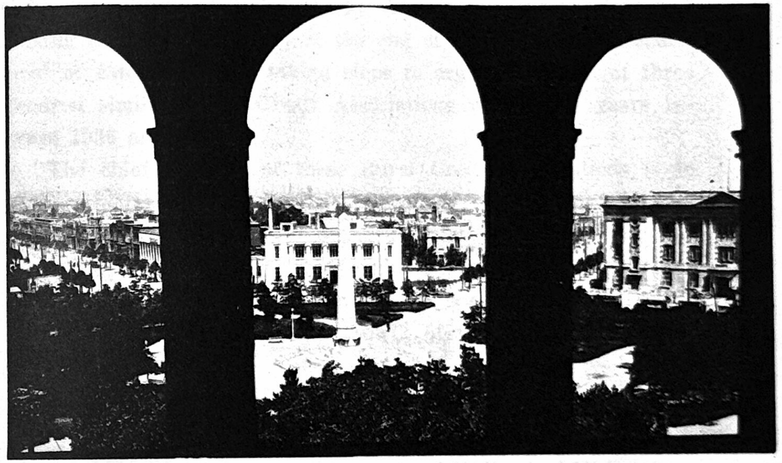
GOLD PURCHASED BY THE CENTRAL BANK OF MANCHOU

Periods	Quantity in Grammes	Value in Yuan
June 14–Dec., 1933	703,059.84	2,053,635.06
Jan.–June, 1934	337,221.28	1,026,539.38
July–Dec., 1934	862,069.37	2,787,877.87
Jan.–June, 1935	1,830,471.43	6,290,138.58
July–Dec., 1935	2,412,694.31	8,394,053.05
Total Purchases	6,145,516.23	20,552,243.94
Gold holdings prior to June 14, 1933	2,196,091.49	6,218,340.55
Total Gold holdings on Dec. 31, 1935	8,341,707.72	26,770,584.49

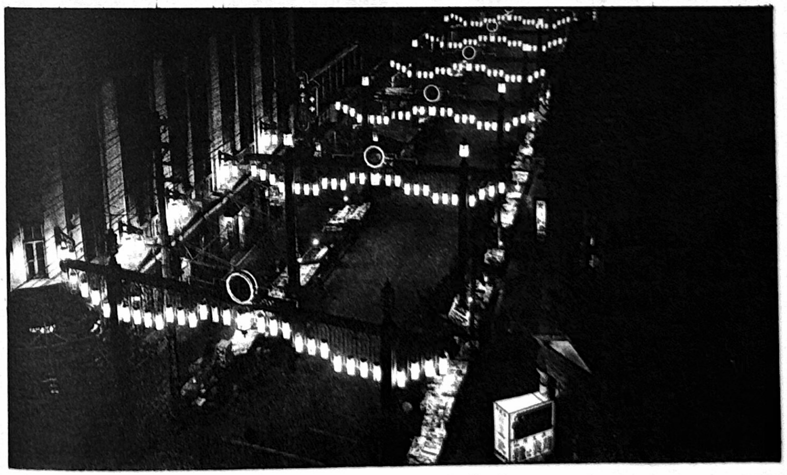
(2) *Rural Credit Associations*

While the banks and similar institutions answered the financial needs of the organized business in the cities, the only financial institution open to smaller business groups and farmers in Manchuria was the *tangpu* or a sort of pawn shops. For the farmers who required simple, long-term, low-interest loans there was no organized form of financial assistance before 1932. The Manchou-

"Hsiao-hsi-men" or Small West Gate of the Walled Town of Mukden



The S. M. R. Zone, Mukden



"White Way" comes to Dairen

kuo Government, therefore, began to study just such a need and investigated various forms of credit associations prevalent in Germany, Japan, Chosen, and the Kwantung Leased Territory. As a result the Government experimentally created two Rural Credit Associations in Fengtien Province, one each in Shenyang and Fu Prefectures. The experiments turned out to be most encouraging and the Finance Department in 1933 inaugurated eight similar Rural Credit Associations in Fengtien, two in Kirin, and one in Heilungkiang Provinces. The further success of these additional experiments led the Government to issue the Rural Credit Association Law in September, 1934, and the Federation of Rural Credit Associations, composed of thirteen existing Rural Credit Associations, was formed under the new Law. During the year 1935, sixty-nine additional Rural Credit Associations were established making the total eighty-two at the end of the year. The Department of Finance is now taking steps to organize a total of three hundred similar Rural Credit Associations within five years between 1936 and 1941.

The chief function of these Rural Credit Associations is to advance to farmers and small-scale business groups long-term and low-interest loans for the encouragement of their industries. At the end of January, 1936, the membership numbered 89,143 and the total amount of loans advanced aggregated 6,716,000 yuan. The following table shows the growth of the institutions during the past two years:

RURAL CREDIT ASSOCIATIONS

Dates (End of)		Numbers	Members	Loans Advanced (in 1,000 Yuan)	Loans Outstanding (in 1,000 Yuan)
Jan.	1934	6	2,877	198	95
Feb.	„	8	3,455	221	18
Mar.	„	10	5,119	254	138
Apr.	„	11	6,573	.414	177
May	„	12	8,722	666	181
June	„	12	11,073	953	231
July	„	13	12,075	1,205	350
Aug.	„	13	12,750	1,420	416
Sept.	„	13	14,077	1,591	367
Oct.	„	13	14,901	1,710	384
Nov.	„	13	15,202	1,747	351
Dec.	„	13	15,307	1,955	457
Jan.	1935	13	17,195	1,955	535
Feb.	„	13	17,800	1,951	493
Mar.	„	47	29,658	2,238	573
Apr.	„	48	38,939	2,854	1,125
May	„	52	55,868	4,338	1,300
June	„	52	64,344	5,674	1,420
July	„	52	66,192	6,584	1,344
Aug.	„	52	68,196	7,070	1,309

Dates (End of)	Numbers	Members	Loans Advanced (in 1,000 Yuan)	Loans Outstanding (in 1,000 Yuan)
Sept. 1935	79	70,736	7,284	1,236
Oct. „	82	74,091	7,198	1,202
Nov. „	82	79,752	6,861	1,551
Dec. „	82	86,975	6,327	2,102
Jan. 1936	82	89,143	6,716	2,562

The distribution of the membership according to Provinces is as follows:

DISTRIBUTION OF RURAL CREDIT ASSOCIATIONS

Provinces	Number of Associations	Membership
Kirin	12	12,691
Lungkiang	13	10,688
Sankiang	3	2,358
Pinkiang	12	9,599
Antung	5	2,849
Mukden	23	35,415
Chinchow	9	12,754
Jehol	4	2,412
South Hsingan	1	377
Total	82	89,143

(3) *Banking Activities in General*

Before 1932, there existed banks, *chienchuang* or currency dealers, and *tangpu* or pawn shops to answer the banking needs of the people. The disorderly condition of the currency system and the pressure emanating from the provincial and foreign banks extremely regarded the proper development of banks. Even those banks which enjoyed the cooperative backing of provincial banks gradually began to lose their functions as banking institutions largely on account of mismanagement, world-wide depression, and political uncertainty following the Manchurian Incident. The *chienchuang* and *tangpu* are quite primitive institutions which gradually grew up to answer the needs of small business groups and farmers. In 1932, therefore, there were very few banking institutions, if at all, which could answer the financial needs of a new age.

With such a gloomy background, the Manchoukuo Government took up the responsible task of reforming the banking institutions of the country. The first step in the reform was taken with the promulgation of the Banking Law on November 9, 1933 (See Fourth Report, Appendix No. 15). Under this new instrument, among other things, all banks were required to register and receive the government license to operate, new regulations going into force after December 31, 1934, and June 30, 1934, was designated as the last day for filing applications. Accordingly some 169 applications were made before the designated date and the

Government made a careful study of all before granting license to operate. As a result, only 88 institutions, including 65 Manchurian and 23 Chinese banks, were officially approved.

This sweeping readjustment of existing banking institutions of the country was followed by the extension of further governmental control and supervision. The Department of Finance thus has been following the general policy of encouraging various internal reforms among the existing banks, merging smaller banks into larger and more dependable banks, and requiring all new banks to be incorporated with a certain limitation of capitals. Four general groups are recognized for the purpose of limiting the capital: (1) 400,000 yuan or more for banks or branches operating in Hsinking Special Municipality, Harbin Special Municipality, and Mukden; (2) 300,000 yuan or more for same in Tsitsihar, Kirin, Yingkou, and Antung; (3) 200,000 yuan or more for same in the seats of Prefectures which are deemed specially important; and (4) 100,000 yuan or more in all others not included in the above categories.

At the end of December, 1935, there existed 81 approved banks, but the gradual increase in the number of new banks is now being looked forward. At the same time, the Government is supervising the approved banks carefully and all untrustworthy ones will be gradually eliminated. The following table shows the combined general view of 81 approved banks at the end of December, 1935 (in yuan):

STATEMENT OF CONDITION OF REPORTING ORDINARY BANKS
(As at end of December, 1935)

A. Assets

Items	All Banks (81)	Manchoukuo Banks (58)	Chinese Banks (23)
Unpaid Capital	2,710,000	2,710,000	—
Loans	48,180,391	32,103,514	16,076,877
Deposits with Other Banks	10,596,099	3,219,689	7,376,410
Due from Banks	1,186,615	1,186,043	572
Forward Exchanges Bought	9,065,410	6,931,614	2,133,796
Securities	5,474,160	758,191	4,715,967
Bullions	78,896	73,052	5,844
Bank Properties	10,365,217	5,846,212	4,519,005
Cash in Hand	2,431,635	1,193,568	1,238,067
Others	56,160,975	7,187,991	48,972,984
Total	146,249,398	61,209,884	85,039,524

B. Liabilities

Items	All Banks (81)	Manchoukuo Banks (58)	Chinese Banks (23)
Capital	14,159,600	14,159,600	—
Reserves	2,079,127	2,079,127	—
Deposits	36,552,849	11,364,815	25,188,034

Items	All Banks (81)	Manchoukuo Banks (58)	Chinese Banks (23)
Loans from Banks	12,094,072	11,767,022	327,050
Due from Banks	789,381	789,381	—
Bills Payable	7,502,220	6,778,484	723,734
Forward Exchange Sold ..	9,144,784	6,983,346	2,161,441
Others	63,927,365	7,288,102	56,639,263
Total	146,249,398	61,209,874	85,039,524

(4) *Interest Rates*

The interest rates under the former regime were exceedingly high, sometimes almost prohibitive, and there were considerable differences according to localities as each Provinces acted independently. The Central Bank of Manchou first of all effected the unification of interest rates and then the gradual reduction. The revised lower interest rates were enforced on September 1, 1932, and further revised in July, 1933, and May, 1934. In April, 1935, however, the stabilization of currency and the high interest rates in China forced a slight revision, making the rates higher, while in May, 1936, the lowering of the rates in Japan again forced a slight revision downward. The following table shows the comparative rates to date:

INTEREST RATES OF THE CENTRAL BANK OF MANCHOU

A. Interest on Deposits

(Per Annum for Fixed Deposits; Per Diem Per 100,000 Yuan for Others)

Kinds	Sept. 1 1932	July 1 1933	May 1 1934	April 1 1935	May 11 1936
Current Deposits	.50	.30	.30	.30	.30
Special Current Deposits ..	.83	.70	.70	.80	.70
Notice Deposits	1.00	.80	.80	1.00	.90
Fixed Deposits:					
3 months	4.8%	3.6%	3.5%		
6 months	6%	4.8%	4.5%	5%	4.2%
12 months	7.2%	6%	5%	6%	4.7%

B. Interest on Loans

(Per Diem Per 100,000 Yuan; Unit: Fen)

Kinds	Sept. 1 1932	July 1 1933	May 1 1934	May 11 1936
Fixed Loans	3.60	2.50	2.20	2.00
Gold Silver	—	2.20	1.90	1.70
Commodities	3.30	2.50	2.20	2.00
Bonds and Shares	2.83	2.50	2.00	1.80
Warehouse Cereals	3.30	2.50	2.20	2.00
Real Estates	3.30	2.50	2.20	2.00
Other Securities	3.30	2.50	2.20	2.00
Discounts	2.83	2.20	1.90	1.70

The interest rates thus enforced by the Central Bank of Manchou naturally had the effect of more or less standardizing the interest rates of other banks throughout the country, altogether eliminating the irregularities and prohibitive rates of old days.

10 Progress in Currency Stabilization

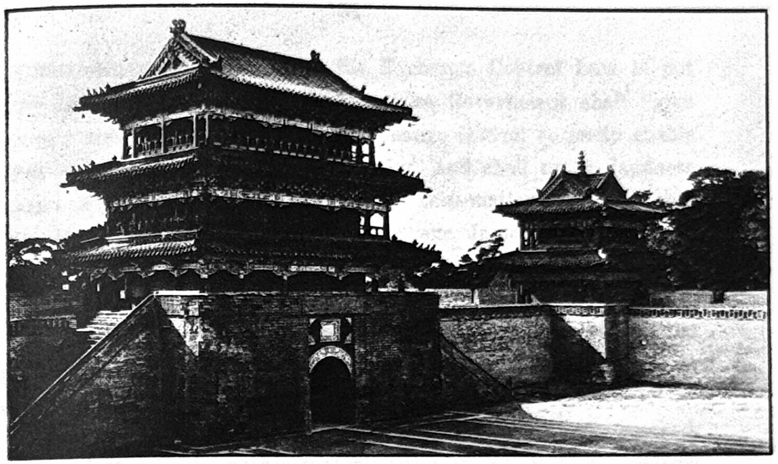
The Government of Manchoukuo, through its studied policy of currency unification, successfully maintained the parity of value against depreciation and the accompanying stability of commodity prices within the country. Consequently, the position of the Manchoukuo national currency was elevated to a considerably high level and the readjustment and unification of currency have been greatly accelerated.

(1) *Yen-Yuan Parity*

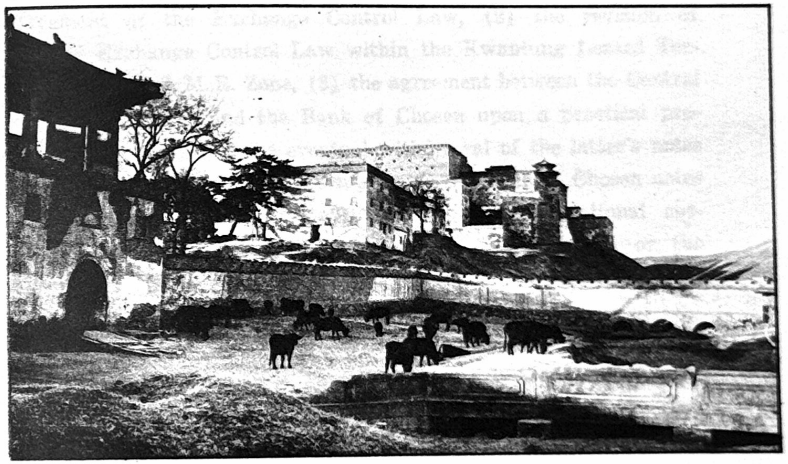
The question of currency stabilization became acute, however, as a result of two developments. In the first place, in fostering the necessary constructive measures for economic development, Manchoukuo naturally sought capital from Japan while the influx of Japanese capital and the accompanying constructive activities resulted in the amazing increase of Japanese bank notes, especially the Bank of Chosen notes. At first the circulation of Manchoukuo national currency daily averaged about 145 million yuan but this was reduced to 112 millions after a year or so and finally to 99 millions after two years, whereas the circulation of the Bank of Chosen notes registered a drastic gain of 50 million yen within the same period. Thus the monetary situation within Manchoukuo was gradually feeling the dominating pressure of the Japanese bank notes. In the midst of such a process, in the second place, the silver boosting policy of the United States caused a continuous efflux of silver from Manchoukuo and the Central Bank of Manchou had to encounter considerable difficulty in operating on the exchange market. Finally, the Manchoukuo national currency was divorced from silver in January, 1935, and shifted over to the policy of a simple managed currency, having for its object the stabilization of commodity prices. The result was the gradual decline of the exchange value of the Manchoukuo yuan, slumping from the high of 130 yen at the beginning of the year to 100 yen in August.

It was with such a background that the question of currency stabilization became an acute one and the Manchoukuo Government finally decided to link yuan to yen and appealed to Tokyo for understanding and assistance. The negotiations which followed were continued throughout the autumn and the Department of Finance at Tokyo announced, on October 28, 1935, its general policy which contained the following important points: (1) that the international value of the Manchoukuo national currency shall be linked to the Japanese yen hereafter in order to maintain the Japan-Manchoukuo exchange at par; (2) that the stabilization of yen-yuan parity shall be maintained through Manchoukuo's own economic strength, especially by the improvement of her economic and financial conditions and particularly her international balance of trade, the enforcement of a law for the control of foreign exchange, and the increase in the use of her national currency; and (3) that Japan shall give full assistance to Manchoukuo in the above task by augmenting Japan's investments in Manchuria and encouraging industrial expansion, by using the Manchoukuo currency in the payments made by the Japanese army stationed in Manchoukuo and by the South Manchuria Railway Company and gradually withdrawing the Bank of Chosen notes, by helping to check the outflow of Manchoukuo capital and preventing the speculative dealings in the Manchoukuo currency through the establishment of custom houses along the border lines, and by waving the extraterritorial rights in this connection and enforcing the Exchange Control Law of Manchoukuo upon Japanese banks in Manchuria.

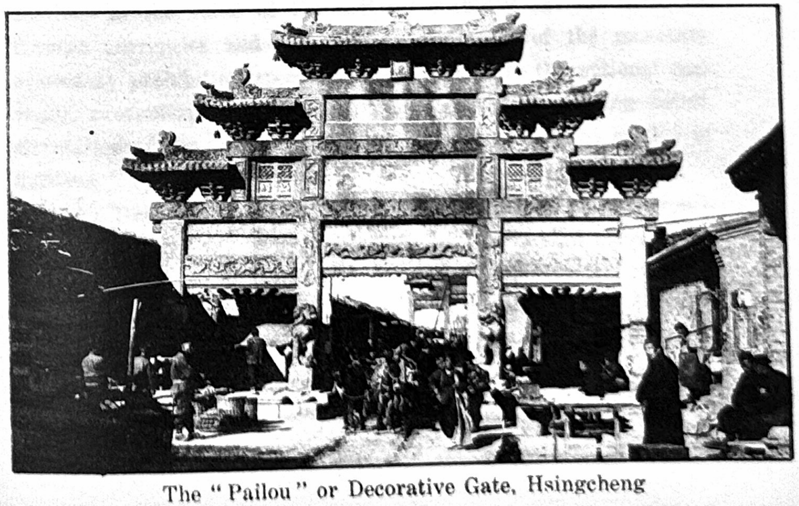
As a result of these negotiations, a complete accord was reached by November 4, 1935, when the Japanese Cabinet Council approved the policy of collaborating with Manchoukuo in the latter's efforts to stabilize and unify her currency. The statement issued by the Japanese Government on the same date emphasized the following five points to be enforced as national policy: (1) that "it was appropriate to unify our bank notes in circulation in Manchoukuo under the Manchoukuo national currency at a suitable time"; (2) that this change should be made gradually to prevent any disruption to the economic relations between the two countries and in particular to the Japanese investments in Manchoukuo, "as this step involves numerous matters requiring serious consideration such as the relinquishment of our extraterritorial rights, adjustment or transfer of the administrative rights within the S. M. R. Zone, and probable effect on our banks subsequent to the proposed currency unification"; (3) that the Japanese Government has decided first of all to exercise "necessary control on the business in Manchoukuo of the Bank of Chosen and to allow it to conclude some suitable business agreement with the Central Bank



The Splendor of the North Mausoleum, Mukden



The Ruins of a Massive Lama Temple, Chengte



The "Pailou" or Decorative Gate, Hsingcheng of Manchou"; (4) that, when the Exchange Control Law is put into force in Manchoukuo, the Japanese Government shall "give proper consideration to our own exchange control so as to enable that nation to achieve the best results" and shall cause Japanese banks in Manchoukuo to cooperate in this matter; and (5) that the Japanese Government shall encourage Japanese officials and people residing in Manchoukuo "to use the Manchoukuo currency as far as circumstances permit", especially by making arrangements so as to enable the Japanese Army stationed there and the South Manchuria Railway Company to make their payments as far as possible in Manchoukuo currency.

The Japan-Manchoukuo agreement thus having been reached, the next step in the currency stabilization in Manchoukuo required five necessary arrangements, namely, (1) the proclamation and enforcement of the Exchange Control Law, (2) the revision of Japan's Exchange Control Law within the Kwantung Leased Territory and the S. M. R. Zone, (3) the agreement between the Central Bank of Manchou and the Bank of Chosen upon a practical procedure with regard to the eventual withdrawal of the latter's notes from Manchoukuo, (4) the redemption of the Bank of Chosen notes circulating in Manchoukuo with the Manchoukuo national currency, and (5) the eventual abolition of the *Chaopiao* or the Yokohama Specie Bank silver notes.

(2) *Manchoukuo Exchange Control Law*

The Exchange Control Law of Manchoukuo was proclaimed on November 30, 1935, and became effective on December 10, 1935. The Manchoukuo Government announced that this Law was proclaimed for the purpose of preventing sudden and artificial fluctuations in the value of the national currency against those of foreign currencies and consolidating the basis of the monetary system by prohibiting speculative transactions in the national currency, preventing the flight of capital abroad, promoting better circulation of the national currency, and preventing the exodus of bullions.

The Exchange Control Law (See Appendix III, No. 11) specifically prohibited the buying or selling of any foreign currency or foreign exchange for speculative purposes. The foreign currency thus banned included foreign obligations, while the foreign exchange embraced bill of exchange, cheque, telegraphic or postal money order drawn in Manchoukuo on any foreign country and vice versa. The Kwantung Leased Territory is naturally regarded under this

Law as a foreign country. It also banned the buying or selling *Hsien-Tayang, Hsien-Hsiaoyang,* or any silver coin of the former regime, the sale of such to the Central Bank of Manchou being excepted. The Law also set forth details of the matters which required official permission. These included the buying of any foreign currency quoted in Manchoukuo national currency or any currency circulated in accordance with Japanese law or foreign exchange, the remittance of money to any foreign country, any payment to be made within Manchoukuo in accordance with consignment made in any foreign country, the importation of any foreign currency, the exportation of gold and silver bullions and related items, the conveyance by transportation facilities of gold or silver bullions, the issue of debenture or contract for deposit as well as for loan for consumption within the country in any foreign currency, and the buying or selling within Manchoukuo of bonds and securities expressed in terms of any foreign currency. The foreign currency in this group excluded that in circulation in accordance with Japanese laws and the foreign country except Japan and the Kwantung Leased Territory. No official permission was necessary in a few matters including the importation or exportation of goods from or to any foreign country, the remittance to a claimant residing in any foreign country principal and interest of public bond or loan, the travelling expenses not exceeding one year, and the remittance of travelling expenses and other necessary funds to a person travelling or staying abroad.

(3) *Revision of Japanese Exchange Control Law*

The proclamation and enforcement of the Manchoukuo Exchange Control Law necessitated a revision of the Japanese Exchange Control Regulations of 1933 which were in force in the Kwantung Leased Territory and the S. M. R. Zone. This the Japanese Government proceeded to do and revised the Regulations to be enforced within the Kwantung Leased Territory and the S.M. R. Zone.

The Revised Regulations, which went into force soon after the Manchoukuo Exchange Control Law, placed a limitaton upon the buying, selling, or importing of foreign silver currency or exporting any foreign silver currency or any gold and silver bullions within the S. M. R. Zone and prohibited the speculative transactions there in foreign currency, foreign money order, or securities in foreign currency. The dealers who handled gold and silver bullions were required to file a special form of application, while the

brokers who dealt with foreign money order between Manchoukuo and the S. M. R. Zone, securities in foreign currency or foreign money order, and buying and selling of gold and silver bullions were required to file detailed statements and reports with the authorities. The Japanese Ambassador in Hsinking was empowered to appoint dealers for buying and selling Manchoukuo currency. Lastly the Kwantung Bureau was empowered to device penal regulations where the Exchange Control Law is not applicable.

(4) *Agreement between Bank of Chosen and Central Bank of Manchou*

The maintenance of the yen-yuan parity would naturally result in the expansion of the Bank of Chosen notes and the decrease of the Manchoukuo currency as the former have greater confidence of the general public, specially the Japanese. This would be disastrous to the Central Bank of Manchou and its policy of unifying and stabilizing the national currency within Manchoukuo. The Manchoukuo authorities, therefore, proposed to the Tokyo Department of Finance for its support in the maintenance of the yen-yuan parity and the eventual withdrawal of the Bank of Chosen notes from Manchoukuo. The Department of Finance reacted to the proposal favorably, while the Bank of Chosen was willing to carry out whatever recommendations which the Department of Finance would make and to negotiate with Manchoukuo as to the time and method of withdrawing its notes from Manchoukuo. And thus were initiated the negotiations between the Bank of Chosen and the Central Bank of Manchou, both under the direction of respective Governments.

The negotiations progressed smoothly and rapidly, and an agreement on general principle was reached by December 6, 1935. Under this Agreement, the Bank of Chosen agreed to support the Manchoukuo policy of unifying her national currency and of enforcing her Exchange Control Law, to use the Manchoukuo national currency in making loans within Manchoukuo and the S.M. R. Zone, and to limit its banking activities within Manchoukuo gradually. The Central Bank of Manchou agreed to provide the Bank of Chosen with necessary Manchoukuo national currency and to deposit the Bank of Chosen notes thus received with the Bank of Chosen, to transact the Japan-Manchoukuo international money order through the Bank of Chosen, and to expand its banking activities gradually in proportion to the limitation of the Bank of Chosen activities. Moreover, the Central Bank of Manchou, except within the S. M. R. Zone, will not handle any banking activities on the gold basis.

The Agreement was to go into force outside of the S. M. R. Zone at the end of December, while its enforcement within the S. M. R. Zone was to be postponed until after the relinquishment of the extraterritorial rights. From the date of the enforcement, the Bank of Chosen branches located outside of the S. M. R. Zone carried on transactions in all loan activities on the basis of the Manchoukuo national currency, while the past loans made on the gold yen basis were left untouched. The Bank of Chosen, however, will not effect any change with regard to its deposits and money order transactions on the gold yen basis. It is believed that no violent effect of this epochal change upon the commercial and industrial world would be felt as the entire shift is planned gradually.

(5) *Redemption of Bank of Chosen Notes*

The unification of the Manchoukuo national currency and its stabilization and the proposed gradual withdrawal of the Bank of Chosen notes from Manchoukuo naturally raised the question of the redemption of the Bank of Chosen notes by the Manchoukuo currency.

The Bank of Chosen notes in circulation in Manchuria are estimated at some 200,000,000 yen. Of this sum, the Manchoukuo authorities believe that probably about one-third or one-fourth are actually circulating. On this basis, they believe that some 50–60 million yen worth of the Bank of Chosen notes are in circulation as against about 110–160 million yuan worth of the Manchoukuo notes. Moreover, as the Kwantung Leased Territory, the S. M. R. Zone, and the Chientao District will not be affected for the time being, they believe that the redemption of some 30 million yen would completely eliminate the Bank of Chosen notes from the Manchoukuo proper.

With such an optimistic belief, the Central Bank of Manchou began to redeem the Bank of Chosen notes in Manchoukuo outside of the S.M.R. Zone and the Chientao District from the closing days of December, 1935. This process unexpectedly raised a troublesome question of interest rate as the redeemed Bank of Chosen notes by agreement were to be deposited with the Bank of Chosen. The difficulty was quickly ironed out, however, through a compromise agreement, raising the minimum interest rate to 6–7 rin. At the same time the interest rate on the Manchoukuo currency loaned out by the Central Bank of Manchou to the Bank of Chosen was lowered 2–3 rin from the daily rate of 1.5 sen while the Bank of Chosen agreed to make all future loans over the beans and other agricultural products with the Manchoukuo currency. The further development in this matter is being watched carefully.

(6) *Question of Abolishing Chaopiao*

The smooth progress made in the adjustment between the Manchoukuo currency and the Bank of Chosen notes naturally revived the question relating to the future of the *Chaopiao*. The Chaopiao was almost exclusively used in the transaction of beans and other agricultural products and its abolition was often voiced by various groups but its accepted usage made its realization difficult. The detachment of yuan from silver and its linking to yen once more raised the question seriously.

The transaction of beans and other agricultural products with Europe and Japan, their chief markets, was naturally conducted on the gold basis. Now the interior of Manchoukuo which supply those products is detached from silver and linked to gold. It became thus irrational that only Dairen, the chief mid-point in trade, should remain and maintain its silver basis with the continued use of the Chaopiao. Moreover, it is liable to invite violent disturbances in the price situation. The supporters of the Chaopiao, on the other hand, see the possibility of an increased use of the Chaopiao with the improvement of Sino-Japanese relations and the gradual revival of the export of beans to Central and South China. Even if this is so, the volume of such an export is very small and it does not furnish any plausible reason for the continued use of the Chaopiao. Thus, the life of the Chaopiao has come to be numbered and it awaits the final action of the Japanese Government to pass away from the Manchurian scene.

11 Reforms in Taxation System

The taxation system under the former regime, if there was any system at all, was in chaos and the squeeze system *par excellence* was enforced in the open daylight. With the establishment of Manchoukuo, a new era dawned before Manchoukuo. As already noted, the new Government first of all centralized the fiscal administration by depriving the provincial authorities of their financial control and by establishing a budget system for both the Central and Provincial Governments to cover all the revenues and expenditures of the country. This policy necessitated a thorough reform in the existing taxation system and the Government began to take determined steps in that direction.

The reforms in the taxation system of Manchoukuo thus initiated aimed at the standardization of different existing systems, the formulation of a simpler and more rational taxation system, the non-imposition of any new taxes excepting those which are deemed necessary to adjust the new system to the prevailing conditions, and the establishment of an equilibrium between the national and local taxes. The task was by no means an easy one and the reform measures were carefully studied and gradually introduced and enforced. The work is still going on.

The first important reform measure effected was the complete unification of the country's taxation system. As sudden changes were deemed more harmful than helpful the Government undertook this task in two general stages. The first period was to be devoted to the unification of the taxation system throughout the country by rationalizing the whole system and realizing a fair distribution of tax burdens, while the second period was to be used for the adjustment of the new system to the conditions peculiar to Manchoukuo. The reform movement is still within the first stage but several noteworthy results had been attained already. Among such reform measures already formulated and enforced may be mentioned the imposition of three Tungshui or consolidated taxes on cotton yarns, wheat flour, and cement; the standardization of foodstuff production tax; the institution of tobacco tax; the standardization of timber tax; the establishment of the license system in the manufacture of goods subject to consumption taxes; the abolition of consumption taxes on imported alcoholic beverages, tobacco, cotton fabrics, wheat flour, and cement; the abolition of the so-called *yuanchao* system; the imposition of uniform business tax, wine tax, and corporation tax; and the standardization of mining tax and the enforcement of Mining Registration Law. Other reform measures now under formulation or contemplation include live-stock tax; excise on salt, tobacco, and matches; and registration and stamp taxes. When completed, the general levy will include taxes on land, business, grain, mines, timber, live-stock, and opium production, while the consumption levy will embrace taxes on salt, tobacco, wine, cigars and cigarettes, cotton yarn, wheat flour, cement, and match.

Another important reform measure which even preceded the unification project was the division of national taxes and local taxes in September, 1932. An Ordinance issued by the Finance Department announced that, from October 1, 1932, "the existing taxes which formerly belonged to the revenue of the Central and Provincial Governments, regardless of their collection organs, shall all be made national taxes" and that "other taxes shall be made local taxes and become the revenue of hsien, city or the shechihchu." Under this policy, the following eighteen taxes were proclaimed as national taxes: (1) customs duties; (2) tonnage dues; (3) salt tax; (4) land tax; (5) stamp duty; (6) mining tax; (7) coal tax; (8) business tax; (9) production tax; (10) pawn-shop tax; (11) slaughter tax; (12) live-stock tax; (13) fishery tax; (14) tobacco tax; (15) wine tax; (16) consumption tax; (17) deed tax; and (18) miscellaneous taxes supplementary to the seventeen taxes named. On the other hand, vehicle tax, vessel tax, miaochuan tax or a sort of local surtax on business tax, chichuan license tax on singing girls and restaurants, amusement tax, and other miscellaneous taxes supplementary to such taxes were transferred to hsiens and cities. This difficult task of dividing the national and local taxes could not be completely enforced during the first fiscal year of 1932–33 due largely to the age-old practices and consequent misunderstandings, but was successfully realized from the second fiscal year of 1933–34.

With the enforcement of such a revolutionary new policy in the taxation system of Manchoukuo, many of the burdensome taxes which were dreaded by the people were either completely abolished or greatly reduced. Most noteworthy in this connection was the abolition of all military surtaxes on various taxes and the policing salt tax. The abolition or reduction of some sixteen different taxes, including the reduction on land and business taxes, salt surtax, and cigarette tax, resulted in relieving the people of tax burdens amounting to about 26,000,000 yuan.

Such a reform in the taxation system naturally necessitated an accompanying reform in the tax collecting system itself as the tax collectors were the most corrupt officials under the former militarist regime. The reform was instituted by the organization of five Revenue Superintendent Bureaux for the purpose of controlling and coordinating the activities of the local tax collecting organs. In 1934, twelve branches were established under these Bureaux. In the next place, some 158 local tax collecting offices were completely reorganized under the guidance of Japanese experts and through the enforcement of a rational salary system and the allocation of fixed funds necessary for tax collection. Of these, forty offices located in important centers were selected and made into Model Tax Offices to set examples in the improved method of tax administration. Moreover, a Revenue Officers Training Institute was established for the purpose of training officials serving under the reorganized system, while a number of officials were sent annually to Japan for the purpose of training and observation. And thus the tax collecting organs were completely centralized, standardized, and modernized.

The following table gives the comparative tax incomes, actual and estimate, for the past three years:

MANCHOUKUO'S INTERNAL TAX INCOMES, 1933–1936

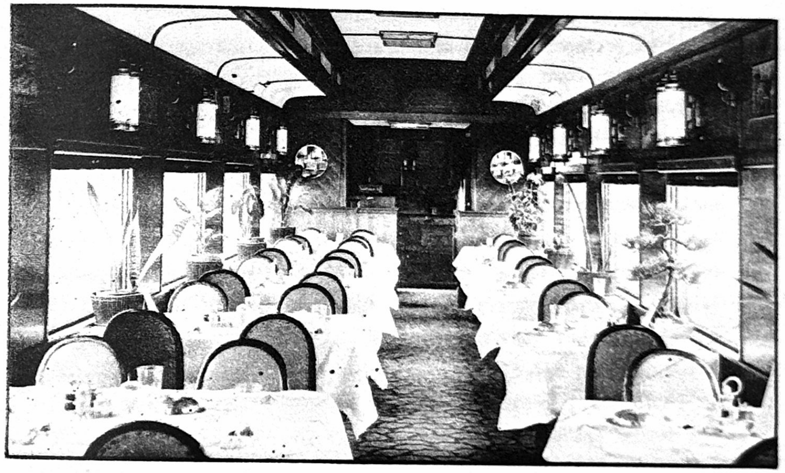
	1933–34 (Actual)	1934–35 (Actual)	July–Dec. 1935 (Actual)	1936 (Estimate)
Land Tax	7,720,906.81	9,580,163.97	4,265,060.00	11,442,000.00
Production Tax ..	7,237,872.45	8,781,114.43	4,658,650.00	8,418,000.00
Mining Tax	930,198.43	1,197,493.91	577,555.00	988,000.00
Business Tax	4,654,433.53	6,335,426.30	4,337,549.00	8,399,000.00
Cattle	1,487,384.20	2,541,849.83	1,330,452.00	2,142,000.00
Wine Tax	7,967,710.89	9,305,264.62	5,365,540.00	11,456,000.00
Tobacco Tax	2,959,666.91	3,861,149.76	2,202,313.00	6,880,000.00
Consolidated Tax ..	3,889,162.27	3,032,463.68	1,448,688.00	2,734,000.00
Miscellaneous Taxes	544,915.17	1,517,162.36	594,931.00	668,000.00
Total	37,392,250.66	46,152,088.87	24,780,738.00	53,148,000.00
Deed Tax	2,673,960.91	—	—	—
Stamp Tax	1,647,729.79	—	—	—
Grand Total ..	41,713,941.36	46,152,088.87	24,780,738.00	53,148,000.00

12 Revisions of Customs Tariff

The Manchoukuo Government took over the Chinese customs administration within its boundary after June 26, 1932. However, it agreed to pay Manchoukuo's share of the Chinese foreign loan service in accordance with the ratio existing between the Manchoukuo and Chinese customs revenue and the total of the combined Manchoukuo and Chinese revenues. Since then the Manchoukuo customs administration has been carried out through eight custom houses, located at Dairen, Yingkou, Antung, Lungchingtsun, Tumen, Harbin, Chengte, and Shanhaikuan, and their branch offices. The Harbin Custom Office has charge of the former custom houses at Manchouli, Heiho, and Suifenho.

After the firm establishment of the customs administration, the Manchoukuo Government next directed its attention to the task of revising the customs tariffs as they constitute the most important sources of the State revenue. The tariff which was enforced in Manchuria in 1932 was the Chinese customs tariff enacted in January, 1931. It has been generally admitted that this Chinese system contains many inadequate and unreasonable points with regard to both rates and classification as the rates are so high that they seem to be prompted by an idea of "an anti-foreign motive or discrimina-

"Asia," the Stream-lined Super-express of the South Manchuria Railway



The Beautifully Appointed Dining Car of "Asia"

The Air-conditioned, Noise-eliminated Observation Car of "Asia" tion." Many of them are also so high "as to be in the nature of protection in spite of the fact there exists no industry in this country requiring such protection." Under such an unjust system, the ordinary people were the ultimate sufferers from the cost of their daily necessities. The Manchoukuo authorities, therefore, seriously studied the question of tariff revision and, as a result, promulgated the Law Relating to Partial Revision of Import and Export Duties on July 22, 1933, and made it effective on the following day.

The first revised tariff thus promulgated (See Fourth Report, Appendix No. 16) was a partial revision of the former Chinese tariff on 35 import goods as "an interim measure pending the contemplated general revision" which will require several years to complete. In this task, the authorities followed the following six general policies: (1) to avoid any revision which will lead to a decrease of national revenues; (2) to avoid modifications involving mere matters of formality; (3) to avoid disparity in the general rates on articles; (4) to refrain from modifications of rates designed to maintain and equilibrium with the consumption tax; (5) to relieve the tax burdens of the people to the widest extent possible; and (6) to raise duties on "articles which are deemed to be flexible in bearing tax burdens" to cover the possible decrease on the customs revenues. The reduction of tariffs intimated under the fifth general policy, however, concerned only those rates (1) which are so high as to have an anti-foreign taint or discrimination, (2) which are so high as to be in the nature of protecting nonexistent industries, (3) on articles of daily necessities whose importation is prevented due to excessively high duties, (4) on articles which are deemed essential to the development of industries within the country, and (5) on building materials which are indispensable in the construction works in the country.

It was soon discovered that further *ad interim* revision is necessary and the Second Revised Import and Export Tariffs were promulgated on November 14, 1934 (For the text, see Appendix III, No. 2). The second revisions were carried out in accordance with certain principles of which the more important were the following: (1) to effect a proper balance between *ad valorem* and specific duties, especially in relation to cotton goods, thus raising the *ad valorem* duties on cotton piece goods from 12–12.5 per cent. to 17.5–25 per cent. as the specific duties amount to 20–50 per cent.; (2) to lower the duties on certain goods with a view to realizing tariff as a source of revenue and not as a protective measure; (3) to harmonize with the national industrial policy by introducing new protective duties on such articles as wheat and flour and revising duties on such articles as automobiles, tires, scrap irons, agricultural implements, and others; (4) to raise import duties on goods which were formerly subject to internal consumption tax in view of the gradual abolition or lowering of the latter, thus raising duties on such articles as cigarettes and cement; (5) to readjust the classification of certain goods so as to avoid doubtful interpretation; and (6) to readjust export duties with a view to encouraging export of certain goods, thus abolishing export duties on such goods as wool, meat, coal, and several others. These revisions covered 118 import goods and 23 export goods.

These two revisions were both *ad interim* measures and more fundamental revisions are now progressing at Hsinking. The chief features of the third revisions are reported to be (1) a general revision of specific and *ad valorem* duties with due consideration of the value of currency and fluctuations of prices of merchandise either for export or import, (2) rationalization of exorbitantly high import duties on certain goods, the imposition of which is tantamount to embargo, (3) re-classification of many goods on the tariff list, and (4) a drastic lowering of export duties with a view to their complete abolition in the future. On the whole the general policy of making the tariff a chief source of national revenue is being worked out carefully. The revised tariff is promised within the year.

13 Reform in Salt Administration

Salt has been recognized for years as an important source of government revenue in China and its administration has become associated with all manners of abuses and corrupt methods. Manchuria was no exception to that rule. The war-lords completely disregarded the general welfare of the masses and freely raised the gabelle as well as the salt price whenever they needed an additional revenue. The gabelle rate in 1927, for instance, was twice as high as that of 1926. Moreover, they paid no attention to the rehabilitation of salt-fields, the relief of salt manufacturers, the increase of salt output, or the improvement of the quality of salt. In addition, there were various different salt taxes, a sort of salt-collection "rackets" which caused continued controversies, and the corruption of officials themselves, causing evil practices of all descriptions. Thus, although the salt system of Fengtien Province

has been often regarded as the model system in the entire country of China, it was characterized by a hopeless maladministration just the same. Necessarily, the Manchoukuo Government had inherited in its salt administration a deep-rooted evil, decidedly one of the most difficult problems of reform.

The Manchoukuo Government first of all announced a three fold policy in assuming the control of the salt administration: (1) to lighten the burden upon the people and foster national power; (2) to encourage the salt manufacture and augment the profit of salt manufacturers; and (3) to regulate the national finance in such a way so as to limit the annual salt revenue to 25 million yuan. The reforms in the salt administration have been progressing slowly in line with these general principles.

The Manchoukuo Government first of all took over the supervision of the salt administration by entrusting it to the Salt Gabelle Section of the Bureau of Revenue in the Department of Finance. Realizing the folly of sudden changes in the salt administration, however, the Government decided to continue and gradually readjust the existing system of dual salt administration, the free trade system in the former Fengtien and Jehol Provinces and the monopoly system in the former Kirin and Heilungkiang Provinces. Thus, two local salt administration organs were created under the Salt Gabelle Section, namely, the Salt Administration Office and the Ki-Hei Salt Transportation Office, respectively for the purpose of taking over the salt revenue administration and the salt monopoly administration.

The Salt Administration Office is located at Yingkou. Its duty is to control the manufacture and sale of salt, to collect gabelle, to exercise surveillance over smuggling, and to attend to allied activities in the territories covered by former Fengtien and Jehol Provinces. Under the supervision of this Office, there are six Salt Administration Bureaux which are located in leading salt producing districts. Again, under these Bureaux, there are nine Salt Examination and Patrol Stations. These Stations, not only supervise the manufacture and sale of salt and patrol salt depositories, but also exercise strict surveillance over illegal salt and inspect salt in transport. At Chihfeng, in Jehol Province, there is a special branch office of the Salt Administration Office entrusted with the business of (1) purchasing Mongolian salt, (2) distributing sea salt, (3) keeping watch over illegal salt, and (4) other general salt administration activities in Jehol Province. Several sub-offices are established under this office to track down illegal salt.

The Ki-Hei Salt Administration Office is located at Hsinking. It enforces the salt monopoly and oversees illegal salt within the territories of the former Kirin and Heilungkiang Provinces. This Office maintains the Salt Transportation Bureau at Yingkou to purchase, store, and transport salt, and thirty-six Salt Depositories and eight Salt Agents to distribute salt to licenced salt dealers. In Chientao Province, there is the Chientao Salt Patrol Bureau with twenty-nine Salt Patrols for the special purpose of surveilling over illegal salt. Besides, there is the Hailar Salt Transportation Bureau which supervises the manufacture, transportation, and distribution of salt obtained from the lakes.

The salt administration organs having been thus established and completely centralized, the Government has abolished all abusive practices of the by-gone days. It also abolished the salt manufacturing surtax and the salt distributing surtax. Moreover, on the occasion of the inauguration of the Imperial Rule, the gabelle was reduced by 30 fen per picul on and after March 1, 1934, and also the salt price in the former Kirin and Heilungkiang Provinces was reduced by 1 yuan per picul on an average. Furthermore, the Government has taken initiative in the following noteworthy activities: (1) low-interest loans to salt manufacturers for use in the salt manufacture and the rehabilitation of salt fields; (2) establishment of trade associations; (3) exportation of industrial salt; (4) improvement of the patrol system, especially the quality of patrolmen; and (5) annihilation of illegal salt.

Under this centralized salt administration, the Government controls and fixes the salt price throughout the country. In the districts where the monopoly system prevailed, maximum and minimum wholesale prices ex salt depository were fixed respectively at 11 yuan per 100 cutties for Heiho district and 8.8 yuan for Chientao district, thereby making the average wholesale price 9 yuan or thereabout. In the districts where the free trade system is continued, any one can open a salt shop upon obtaining a licence from the Salt Administration Office, and can transport salt from salt-fields and sell it in wholesale or retail by paying the required gabelle. Under this system, the retail prices of salt shops range from 22 yuan per picul at Antung Prefecture to 6.9 yuan at Yingkou Prefecture, the wholesale prices being 7–8 yuan on an average.

The general rates of gabelle, however, remained about the same as those prevailing in 1931 and the effect of reforms was felt more in the elimination of a number of salt taxes and corrupt practices followed by the collectors. Previous to the establishment of Manchoukuo, the rates of gabelle ranged from 2.75 yuan per picul in 1925 and 4.00 yuan in 1926 to 8.00 yuan in 1927, 6.00 yuan in 1928, and 6.00 yuan plus a surtax of 0.30 yuan in 1931. During the first two years of the new regime, 1932 and 1933, the same rate of 6.30 yuan per picul was continued though a special rate of 5.00 yuan per picul was imposed upon the Mongolian salt. On and after March 1, 1934, a reduction of 0.30 yuan per picul was made, the rate on the sea salt becoming 6.00 yuan and that on the Mongolian salt 4.70 yuan. The salt gabelle revenues for the last four years are as follows:

SALT GABELLE, 1932–1936

Fiscal Years	Estimate Yuan	Actual Yuan
1932	16,814,000	18,820,308
1933	20,249,000	20,543,102
1934	21,249,000	22,029,715
1935	8,888,000	8,759,079
1936	23,848,000	—

As noted already, another noteworthy phase of the salt administration has been the encouragement given by the Government to the export of industrial salt. Owing to the phenomenal development of her chemical industry, Japan annually imports a considerable quantity of industrial salt. The Manchoukuo Department of Finance, therefore, repeatedly negotiated with the Tokyo Ministry of Finance with regard to the export of industrial salt to Japan. As a result, Manchoukuo exported 100,000,000 cutties to Japan in 1933 and 150,000,000 cutties in 1934. In 1935 nearly the same amount of export as that in 1934 was at first expected, but the authorities were forced to curtail the amount to 75,000,000 cutties owing to the unfavorable conditions resulting from the continous rainfall and the rise in the price of silver. This new policy helped to resuscitate the Fuhsien salt fields, which were experiencing great difficulty in disposing of their output owing to their geographically unfavorable situation, as the authorities decided to export chiefly Fuhsien salf for industrial use.

Again, before the establishment of Manchoukuo, the authorities regarded the salt manufacturing as a lucrative objective of taxation and did nothing to encourage the industry, so much so that the salt industry in general was in a pitiable condition and many a salt field had stopped its operation in 1931. With the establishment of Manchoukuo, the situation was completely changed and the Government became instrumental in guiding and fostering the salt industry all along its seaboard. As already noted, the policy of exporting a large quantity of industrial salt to Japan gave a new lease of life to the salt manufacturers in Manchuria, many of them being enabled to dispose of their stock and launching upon expansion programs. The authorities also offered loans to salt manufacturers at a low-interest rate to be used in the salt manufacture and for the rehabilitation of deteriorating salt fields. The Government took initiative in encouraging the formation of trade associations for the good of the industry. In line with such a policy, the establishment of the Saline Experimental Station is now under contemplation.

The control of illegal salt was another matter which demanded the serious consideration of the authorities. The illegal salt consists of foreign salt, native salt transacted without a licence, and salt transported from the territory under the Free Trade System into the Monopoly Zone. All manners of smuggling devices are used in the transport and sale of such illegal salt. In order to cope with these fraudulent practices, the Government has spread an extensive patrol net over the land. There are thus 9 Salt Patrol Boards with 139 branches in the former Fengtien Province, 22 Salt Patrol Sub-Boards with a number of Mobile Salt Patrols under the Jehol Salt Administration Branch Office in Jehol Province, and a Chientao Salt Patrol Board with 55 Salt Patrols in the former Kirin Province. The army of patrolmen thus organized numbers 2,569, of which 1,897 belong to the Salt Administration Office and 672 to the Ki-Hei Salt Transportation Office. The following table shows the smuggling cases detected by the authorities and the total amount of illegal salt confiscated:

CONTROL OF SALT SMUGGLING

Year	Salt Administration Office		Salt Transportation Office	
	Cases	Confiscated cutties	Cases	Confiscated cutties
1933	4,129	1,908,466	4,051	444,445
1934	3,573	1,602,499	4,117	366,184
1935	3,636	1,385,773	3,047	524,924

It has been discovered that the existence of a dual system is both inconvenient for the enforcement of an effective salt administration and unfair to the people in general. The Government, therefore, has tried to unify it but various unexpected obstacles have prevented the project so far. However, the authorities are seriously studying the best method and the unification will be effected before long. In addition to this question of an ultimate unification of salt administration, the authorities are pushing the various reform measures already partially introduced with a view to an eventual perfection of a most satisfactory salt administration for the country.

14 Manchoukuo Oil Monopoly

The Oil Monopoly Law of Manchoukuo was promulgated on November 14, 1934, and went into force on April 10, 1935 (For the text, see Appendix III, No. 1). As a result, all petroleum products, including gasoline, kerosene, light and heavy oil, benzine, and fuel oil substitutes, became a Government monopoly and their manufacture, importation, and exportation are permitted only to authorized dealers. For this purpose, the country was divided into ten sales zones with one officially-appointed general wholesale dealer in each and 295 wholesale sub-dealers under them, and the Government fixed the sale price at each place of delivery for the authorized general dealer. The ten sales zones thus designated comprise Hsinking, Mukden, Anshan, Yingkou, Chinchou, Antung, Tumen, Ssupingkai, Harbin, and Tsitsihar.

The basic policy behind this monopoly was explained by the Department of Finance at Hsinking in a statement issued on October 30, 1934. The fundamental purpose of the oil monopoly, according to that statement, is "to device measures for giving positive aid and protection to the development of oil resources and manufacture of oil in Manchoukuo" and the Government, through the announced monopoly system, "intends to exercise fair and adequate control over supply, at the same time bringing about a gradual and rational improvement of the price situation." In finally arranging the machinery of such a control, the Government announced that it will pay due regard to the existing sales organizations and the interests as well as equipments of the established firms. An Imperial Ordinance accompanying the Oil Monopoly Law announced that the Government will purchase such equipment as is actually used for business purposes by the importers of oil at the time of the promulgation of the Oil Monopoly Law but requests for the purchase of such equipment must be made within one month after the date of the enforcement of the Oil Monopoly Law.

Under these regulations, ten general wholesale companies, one in each zone, were established. Their total capitalization amounts to 1,060,000 yuan, the largest concern being located at Mukden with a capital of 300,000 yuan and the smallest at Anshan with a capital of 40,000 yuan. The shareholders of these newly established wholesale companies numbered 79, of which 21 were associated with the Standard Vacuum-Oil, 17 with the Asiatic Petroleum, 14 with the

Texas Oil, 6 with the Soviet Naptha Syndicate, 7 with the Nippon Oil, 8 with the South Manchuria Railway, and 6 with other concerns, or 58 foreign and 21 Japanese.

While Manchoukuo was making these preparations, a rumor of the proposed Manchoukuo oil monopoly became widespread during the spring of 1934 and the British and American Embassies, unable to make an inquiry at Hsinking on account of their non-recognition policy, made an inquiry at the Japanese Foreign Office as early as July 2 and 7, respectively, at the same time submitting their views. The Tokyo Foreign Office made it clear that the Japanese Government had and could have nothing to do with the actions of the Hsinking Government in this case as Manchoukuo was an independent State and an oil monopoly was a purely domestic matter. In spite of this stand, the British, American, and Dutch Governments continued to protest directly to Japan. In these protests, they vigorously asserted that the Manchoukuo oil sale monopoly violated the Open Door principle, the observance of which was guaranteed in treaties and statements by both Japan and Manchoukuo, and that Japan could not evade the responsibility for action taken by Manchoukuo. However, the Tokyo Foreign Office stood firm in its contention and advised that the firms involved should negotiate directly with the Manchoukuo Government. Here was, indeed, an anomalous position for the Powers which opposed the recognition of Manchoukuo but desired to continue their commercial relations with her as before.

Closely related to the question of oil monopoly was the establishment on February 23, 1934, of the Manchuria Petroleum Company. The Company was authorized by the Order of the Manchoukuo Government, dated February 21, 1934, as a special Japan-Manchoukuo corporation for the purpose of exploiting the production of oil, refining as well as buying and selling of oil, and conducting related enterprises by order of the Government. It is to monopolize the refining of crude oil for the Government under the new monopoly policy. Its authorized capital is 5,000,000 yuan, of which 2,000,000 yuan was furnished by the South Manchuria Railway Company, 1,000,000 yuan by the Manchoukuo Government, and 500,000 yuan each by the Mitsubishi, Mitsui, Japan Petroleum, and Okura Companies. Its plants were built at Kanseishi and began operation in April, 1935. They have the capacity to refine some 120,000 tons of crude oil a year, but the operation is limited to about 5,000 tons a month now. It is also engaged in the investigation and prospecting of oil resources in Manchuria and its drilling

at Dalainor is being watched with hopeful expectation.

With these preparations, the Manchoukuo oil monopoly went into force on April 10, 1935. Its effect upon the foreign firms which almost monopolized the oil business in Manchuria in the past was disastrous. On the other hand, the result of experiences during the first year of its enforcement is most encouraging. The sale of oil under the monopoly began to increase from the middle of the summer and went over 8,000,000 yuan by the end of the year. At the same time, the forced disposal of overstocks of gasoline by the foreign firms helped to lower the price of gasoline throughout Manchuria, realizing 34 sen per ballon by September, probably the lowest price in the world. The increased sale during the first two months of 1936 points to a prosperous year ahead, enabling a possible total sale of over 20,000,000 yuan during the year.

The successful initiation of the oil monopoly policy thus assured, the Government is now studying various means of expediting the whole enterprise. Among such plans may be mentioned the increased production of oil from oil shales to supplement the oil production of the Manchuria Petroleum Company, the augmentation of the number of wholesale dealers, the promulgation of new regulations for the purpose of perfecting the machinery of supervision, and the increased production of the Manchuria Petroleum Company.

15 Readjustment of Opium Monopoly

The Manchoukuo Government have taken steps toward a solution of opium evil which had been rampant in Manchuria for over a century as in the China proper. Although there were laws and regulations controlling opium traffic and prohibiting opium smoking under the former regime, opium was cultivated openly under official licences, with a special tax on poppy-land, particulary in Heilungkiang and Jehol Provices, while opium smoking and transportation were openly admitted also under licence and tax. It was estimated that the aggregate revenue of the four provinces from opium under the old regime amounted to over 100,000,000 silver dollars, most of which was utilized for financing Marshal Chang Hsueh-liang's participation in the civil wars in China.

The Opium Monopoly Bureau of the Manchoukuo Government was created on November 3, 1932, and the Opium Law was promulgated on November 30, 1932. The fundamental purpose of these measures is to check gradually the opium traffic and opium smoking by a rationing system, as has been successfully done by the Japanese authorities in Taiwan and to a certain extent in the Kwantung Leased Territory, and not to augment the national revenue, for the proper purchase of materials and their sale at a reasonable price will not produce such an enormous profit as in the past.

Under this monopoly system, the Government annually determines the amount of opium needed and accordingly authorizes certain districts to cultivate poppies and manufacture opium. The districts used for such a purpose are greater portions of Jehol Province and some portions of Sankiang and Chientao Provinces. The opium cultivation in parts other than thus authorized is strictly forbidden. The opium produced in this manner is purchased by the Government on the basis of a set range of prices according to the grades. At present the average price is 1.50 yuan per 1 *liang*.

The opium purchased by the Government is distributed to 10 authorized wholesale dealers in ten leading cities. These wholesale dealers in turn distribute the opium to about 1,200 authorized retail dealers all over the land. On the other hand, the police authorities examine the opium addicts and issue opium certificates to those who are deemed in absolute need of opium smoking on account of health or otherwise. These licenced opium smokers numbered slightly over 99,000 at the end of 1934. The local retail dealers are authorized to sell opium only to these licenced opium smokers at a fixed price.

For the purpose of the monopoly administration, the country is divided into ten zones, namely, Hsinking, Kirin, Harbin, Mukden, Antung, Chinchou, Chengte, Ssupingkai, Yingkou, and Lungkiang, and a monopoly office is maintained in each. These offices also supervise 20 branches all over the country. Besides, over 70 outposts are maintained for the purpose of detecting illegal practices and enforcing the monopoly system. Over 1,000 officials are connected with these offices.

During the first two years, the Government found it exceedingly difficult to enforce the law. Then were introduced various reform measures and the enforcement became almost universal by the end of 1935, eliminating both illegal cultivation and illegal distribution. The Government revenue, even though the fundamental purpose is to control and diminish opium smoking and not to raise revenue, has risen in proportion to the more perfect enforcement of the monopoly system. Thus, the profit of this monopoly, while it was estimated at 5,000,000 yuan in the first year's budget and 9,828,000 yuan in the second year's budget, almost trebled in the 1936 budget, to 13,234,000 yuan. The increase of

revenue was due largely to the improved purchasing machinery, the decrease of illegal sales, and the better understanding of the monopoly system itself, the latter factor inducing the chronic opium smokers to turn from illegal supplies to the Government products, and not to the increase in the number of opium smokers. In this manner, it is hoped that the number of addicts will decrease after a time as a result of an effective enforcement of the opium law, as has been proven in Taiwan and the Kwantung Leased Territory.

III CONSTRUCTION ACTIVITIES

16 General Survey of Construction Activities

Construction is the synonym of Manchuria today. Nowhere else in the world is going on such an extensive range of construction and building activities as in Manchuria. Up to and through 1931, the constructive activities in Manchuria were nominal. The Manchurian Incident of 1931 and the emergence of Manchoukuo in 1932, however, changed the whole outlook in this field as well as in other spheres. In fact, the establishment of Manchoukuo and her steady growth since gave a new lease of life in Manchuria, while the new order of things required, above all else, a tremendous amount of construction and building activities, thus producing a veritable "Manchurian Boom" after 1932.

The construction activities in Manchuria reached the peak around 1918 and 1919, with an annual building of something like 20,000,000 yen. They then gradually declined until the amount was reduced in 1931, according to the figures compiled by the Manchuria Building and Construction Association, to 10,853,000 yen. The volume of activities then steadily grew to 28,867,000 yen in 1932, 104,078,000 yen in 1933, 154,633,000 yen or all-time record in 1934, and 145,449,000 yen in 1935. The following two tables clearly indicate the distribution of figures according to the sources of such activities between 1930 and 1935, and the number of labor used during 1932–1935.

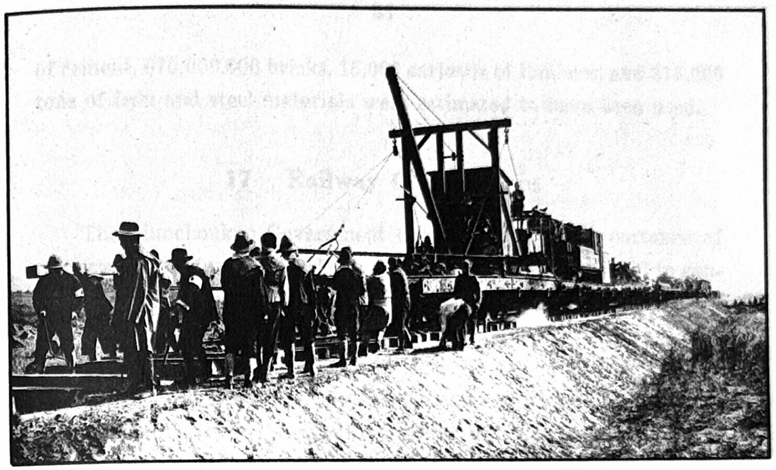
A. CONSTRUCTION ACTIVITIES, 1930–1935.
(In 1,000 yen)

Sponsors	1930	1931	1932	1933	1934	1935
S. M. R.	6,747	3,747	15,569	55,610	64,896	42,597
Kwantung Gov't ..	801	492	805	3,440	2,747	6,662
Manchoukuo	—	—	1,636	9,035	19,798	14,014
Kwantung Army ..	—	—	2,750	13,961	18,865	13,547
General	7,659	6,294	8,107	22,032	48,327	68,629
Total	14,808	10,853	28,867	104,078	154,633	145,449

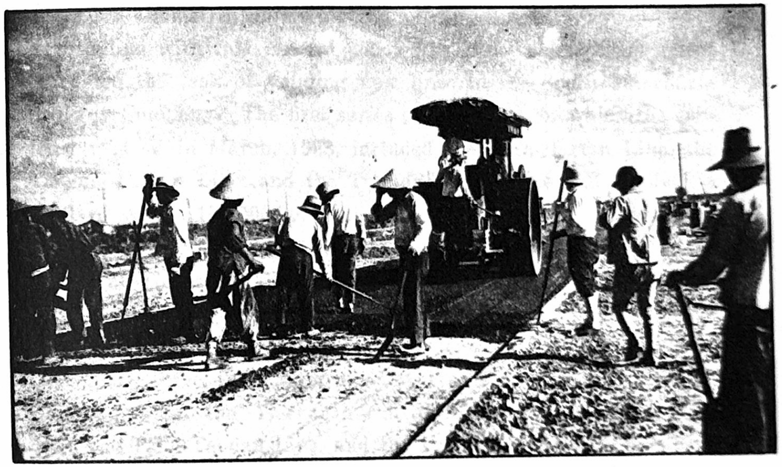
B. CONSTRUCTION LABOR, 1932–1935

Years	Chinese Immigrant	Manchurians Employed	Japanese Employed	Chosenese Employed	Total
1932	33,632	35,737	1,499	877	71,767
1933	96,095	102,107	4,283	2,570	205,055
1934	137,339	146,867	5,059	3,672	292,937
1935	118,964	130,772	5,614	2,968	258,318

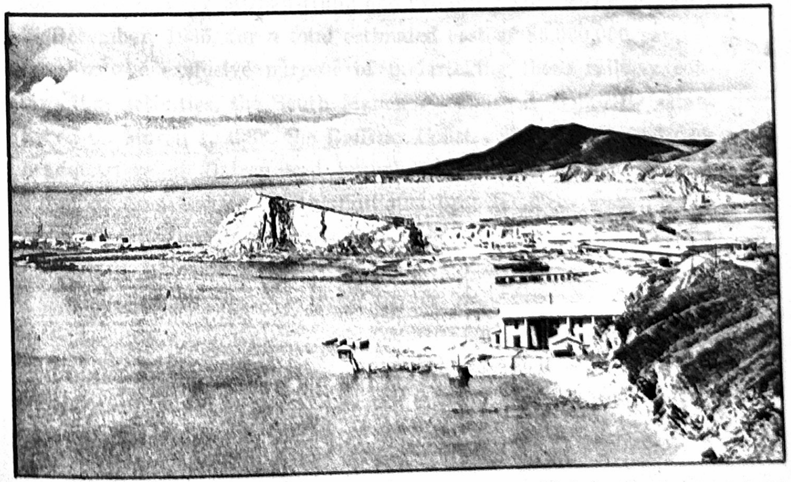
For these extensive construction activities in 1935, 518,000 tons



A Scene of the Railway Construction Work



A Scene of the Highway Construction Work



Construction Work at Hulutao

of cement, 670,000,000 bricks, 15,000 carloads of lumbers, and 315,000 tons of iron and steel materials were estimated to have been used.

17 Railway Constructions

The Manchoukuo Government early realized the importance of railways in the further development of national resources and in connection with national defence, and decided to build new railway lines on the basis of a carefully studied and rational program. The general scope of such a program was announced on March 1, 1933, in the "General Outline of the Economic Construction Program of Manchoukuo." It envisaged the country with 25,000 kilometres of railways in the future and announced the proposed building of 4,000 kilometres of new lines within the next ten years, making a total of 10,000 kilometres by adding the existing lines.

In line with this general policy, the Manchoukuo Government entrusted the task of building new lines to the South Manchuria Railway Company. The first series of new lines, of which the contract was let in March, 1933, included the Lafa-Harbin Line, the Taitung-Hailun Line, and the Tunhua-Tumen Line and involved a fund of about 100,000,000 yen. The next group concerned the Tumen-Mutanchiang Line, the Koupeiyingtzu-Lingyuan Line, and the Peian-Tierhchan Line, which contract was let in December, 1933, at an estimated cost of 76,900,000 yen. The third contract for the construction of seven new lines, namely, the Mutanchiang-Chiamussu Line, the Lingyuan-Chengte Line, the Yehpaishou-Chihfeng Line, the Tierhchan-Taheiho Line, the Hsinking-Talai Line, the Talai-Taonan Line, and the Huiyuanchen-Solun Line, was let in April, 1934, at a total estimated cost of 141,420,000 yen. The fourth contract for Mishan-Hulin and five other lines was announced in December, 1935, for a total estimated cost of 85,000,000 yen.

For the exclusive purpose of undertaking these railway construction activities, the South Manchuria Railway Company established on March 1, 1933, the Railway Construction Bureau with its headquarters at Dairen and branch offices at Hsinking, Harbin, Tsitsihar, and Rashin. The additional branch offices were opened from time to time in accordance with the need created by the expanding radius of new lines at Tumen, Mutanchiang, Peian, and Paichengtzu.

The difficulties which the South Manchuria Railway Company had to face in the construction of railway lines in the outlying places of the country were beyond description. The chief sources of such difficulties were bandit attacks, insect hordes in some parts, floods, local diseases and plagues, and heat and cold. However, the construction work proceeded steadily upon the remains of scores of lives, and, between 1932 and 1935, the Company successfully financed and built almost 3,000 kilometres of new railway lines. The following diagram gives the general summary of these enormous construction activities which were packed into such a short period of time.

RAILWAY CONSTRUCTION IN MANCHURIA, 1932–1936

A. New Railway Lines Built, 1932–1936

Lines	Length in Kms.	Work Started	Work Finished	Opened to Traffic
Taian-Koshan	46.4	June 15, 1932	Jan. 31, 1933	Dec. 1, 1933
Hailun-Koshan	162.2	June 11, 1932	Nov. 24, 1933	Dec. 1, 1933
Laha-Noho	38.8	Mar. 17, 1933	Oct. 24, 1933	Dec. 1, 1933
Tunhua-Tumen	189.9	May 12, 1932	Apr. 18, 1933	Sept. 1, 1933
Chaoyangchuan-Kaishantun	58.4	Nov. 16, 1932	Mar. 13, 1934	Apr. 1, 1934
Lafa-Harbin & Branch	293.7	June 25, 1932	Dec. 8, 1933	Sept. 1, 1934
Koupeiyingtzu-Lingyuan	156.8	Apr. 15, 1933	Apr. 8, 1934	Dec. 1, 1934
Lingyuan-Pingchuan.	87.2	Oct. 1, 1933	Dec. 3, 1934	Jan. 15, 1935
Pingchuan-Chengte	97.4	Apr. 28, 1934	Feb. 9, 1936	June 16, 1936
Tumen-Mutanchiang.	248.7	June 15, 1933	Dec. 8, 1934	July 1, 1935
Mutanchiang-Poli	196.9	Mar. 12, 1934	Dec. 16, 1935	July 1, 1936
Linkou-Mishan	183.0	May 8, 1934	Sept. 11, 1935	July 1, 1935
Hsinking-Talai	213.5	Mar. 8, 1934	Feb. 28, 1935	Nov. 1, 1935
Paichengtzu-Talai	119.0	Apr. 21, 1934	June 30, 1935	Nov. 1, 1935
Wangyehmiao-Halunarshan	238.7	Apr. 1, 1934	Nov. 16, 1935	July 1, 1936
Peian-Heiho & Branch	307.1	June 17, 1933	Apr. 12, 1935	Nov. 1, 1935
Yehpaishou-Chihfeng	146.9	Mar. 28, 1934	June 25, 1935	Dec. 1, 1935
Ssupingkai-Hsian	82.5	Mar. 12, 1935	Nov. 25, 1935	*Dec. 15, 1935

* Unofficial operation.

B. New Railway Lines under Construction

(As of June 1, 1936)

Lines	Length in Kms.	Work Started
Mishan-Hulin	165.0	Feb. 19, 1935
Poli-Chiamussu	135.4	Aug. 24, 1935
Shinlitun-Ichou	131.6	June 12, 1935
Noho-Nenchiang	91.0	Dec. 23, 1935
Meiho-Tunghua	131.7	Feb. 24, 1936
Taipingchuan-Lupei	192.3	Mar. 31, 1936

18 Extension of Highways

The roads in Manchuria are quite undeveloped and primitive. Those which were more or less available for motor traffic in 1932 totaled only 13,000 kilometres, while those which were specially built for modern motor transportation purposes and which may be called highways in the most modern sense of the term amounted to less than 150 kilometres. This state of affairs was largely due to the indifference of the Government in this matter. Necessarily, where there are no railway facilities, rivers played an important role in solving people's general traffic problems. In most part of Manchuria, moreover, grounds as well as rivers are frozen about five months of the year and "roads" are found everywhere.

With the establishment of Manchoukuo, a new era of highway construction dawned before Manchuria. The Manchoukuo Government early realized the need of modern highways in connection with its program of general industrial development, maintaining peace and order, and spreading the light of civilization. It thus adopted a national policy of newly constructing or improving 60,000 kilometres of motor roads within the next ten years. This program includes 12,500 kilometres of first class roads connecting the capital with chief cities or ports, 12,500 kilometres of second class roads between chief cities, and 35,000 kilometres of third class roads between Hsiens. For the realization of this policy, the Government established on March 3, 1933, the State Highway Bureau at Hsinking and the Highway Construction Offices at Hsinking, Mukden, and Tsitsihar.

The work of surveying and constructing these new state highways was actually started in March, 1933, with an appropriation of 15,000,000 yuan, being one-half of the national bonds floated in Japan in the autumn of 1932. By the end of June, 1935, 58 state highways aggregating 6,804 kilometres were completed and others involving some 2,018 kilometres were under construction to be completed by the end of 1936. The Manchoukuo budget for 1936 includes 8,255,705 yuan for this work. It is over these newly constructed state highways that the new net work of expanding bus lines as noted elsewhere (See below, Section 24) is being developed.

There are some 182 kilometres of motor roads in the Kwantung Leased Territory and 486 kilometres in the S. M. R. Zone.

19 Construction of Rashin and Hulutao Harbors

The port of Dairen is a premier port in the Far East and the leading port of entry into Manchuria. Yingkou, Antung, and Port Arthur also serve as auxiliary harbors in South Manchuria. However, the expanding radius of Manchoukuo State Railways necessitated additional outlets to sea and two ports are now under construction, namely, Rashin and Hulutao.

(1) *Port of Rashin*

Rashin is situated in the north-eastern corner of Chosen, but it is designed to form the future outlet to sea of North Manchuria through the Tumen-Chiamussu Line, the Tumen-Hsinking-Paichengtzu-Halunarshan Line, and the Tumen-Lafa-Harbin-Heiho Line. It was designated officially by the Department of Colonial Affairs as the terminus of those lines in May, 1932, and the gigantic task of constructing a modern port on an erstwhile quiet fishing village and of connecting it with Yuki by a railway was entrusted by the Government General of Chosen to the South Manchuria Railway Company. To the same Company was also entrusted the management of the "C" shaped railway between Seishin and Yuki, connecting with Tumen at Nanyo. And thus the South Manchuria Railway Company incorporated this responsible task into the regular program of its Railway Construction Bureau.

The plan as finally adopted for the construction of the port of Rashin is a most far-reaching one. It projects the completion by 1947 of most modern facilities for the handling of some 9,000,000 metric tons of cargo a year. One-third of this project, including all foundation works, is to be completed by 1937 at an estimated cost of 11,206,000 yen, the next one-third by 1942 at 11,139,000 yen, and the last one-third by 1947 at 11,487,000 yen.

The first leg of this three-fold project was started on April 28, 1933. By the end of 1935, a portion of the first pier, affording two berths, was completed and officially opened on November 1, 1935. By the end of 1936 five berths are reported will be completed. The work on the Yuki-Rashin Railway, a short line of 15.2 kilometres but involving the difficult drilling of a tunnel extending 3.8 kilometres, was started on April 1, 1933, and completed and officially opened to traffic on November 1, 1935.

The construction of the port of Rashin thus began is believed to revolutionize the transportation facilities in North Manchuria and to enliven the shipping activities over the Japan Sea. The distance between Tokyo and Harbin via Shimonoseki and Dairen is 3,208.9 kilometres, that via Tsuruga and Vladivostok is 2,194.8 kilometres, and that via Niigata and Rashin is 1,946.1 kilometres. Rashin thus shortens the Tokyo-Harbin distance by 1,265 kilometres as compared with the Dairen route and 249 kilometres, with respect to the Vladivostok route. For the same reason considerable improvements are also being made at the port of Yuki and Seishin.

(2) *Port of Hulutao*

The port of Hulutao as a Manchurian outlet to sea has a long history and its construction was actually projected no less than three times in the past, in 1908, 1920, and 1930. In its last attempt in 1930, Marshal Chang Hsueh-liang planned to make it a chief outlet for the Manchurian railways and let the contract to a Dutch construction firm. The project involved the construction of piers with 1,535 metres of berthing length before 1935 for 6,000,000 gold dollars. The work was started in July, 1930, but finally abandoned as a result of the Marshal's downfall in 1932.

When the Manchoukuo State Railways were entrusted to the South Manchuria Railway Company, the General Direction of State Railways took charge of them and started to improve the pier in June, 1934. Before this work proceeded very far, a new project was evolved for a more rational improvement of the harbor. The new project involves the construction of two piers, aggregating almost 800 metres in combined length, a break-water, and other necessary improvements at an estimated cost of about 16,000,000 yen. The work was actually started in April, 1936, and will be completed by March, 1939. The projected improvement is undertaken to facilitate the handling of Fuhsin coal and also to stimulate the general development of western South Manchuria. The improvement will be carried out by the South Manchuria Railway Company.

20 City Construction Works

The establishment of Manchoukuo and the expansion of railway and highway transportation facilities have stimulated the growth of cities all over Manchuria. Not only have the old cities grown with leaps and bounds but new cities have sprung up, especially at the railway junctions in North Manchuria, such as Peian, Paichengtzu, and Mutanchiang.

Most phenomenal has been the expansion of Hsinking, the new capital of Manchoukuo. A modern city-planning, designed to transform the city into a great metropolis befitting the capital of the new State, has been evolved and, since 1932, is gradually being carried out on an extensive scale by the Capital Construction Bureau of the Government. The new capital construction area centers around Kaotaitzu, south of the present Hsinking station, and extends north and south in a rectangular form with a total area of some 200 square kilometres. Of this area, one-half has been set aside for various construction projects for the time-being and has been divided into residential, business, industrial, and special districts, within which official permission is required for all constructions and establishments. The city is divided by streets radiating from various central circles, each embodying certain features of a park and giving a scenic and artistic appearance. Among the public establishments projected, the more important are various Government buildings, parks, athletic fields, schools and libraries, museums and public halls, zoological and botanical gardens, public markets, water supply system, and modern sewage system. A great reservoir, holding 27,700,000 cubic metres of water and capable of supplying over 40,000 tons daily, has been already built in the basins of the Hsiao and Tai Rivers. In this gigantic work, the Capital Construction Bureau had expended 19,458,000 yuan between 1932 and the closing months of 1935. Before 1932, the city area, including the S. M. R. Zone, the Open Mart, the native town, and Kuanchengtzu, totaled only 21 square kilometres; at the end of 1935, it has grown into a great metropolis of over 100 square kilometres. During 1935, the private contracts for various construction works totaled 1,301 cases involving 24,586,000 yen and the Government contracts 1,203 totaling 16,102,000 yen. A new Metropolis is thus rising upon what was merely a series of insignificant farms four years ago.

A similar construction work, though smaller in scale, is progressing in almost all leading cities of Manchuria. The city planning committee of Mukden is pushing its building program vigorously to enlarge the city area from the present 28 square kilometres, including the S. M. R. Zone and the Open Mart, to 206 square kilometres. Harbin will eventually have an area of 250 square kilometres or thrice the present size when the city planning projects are completed. The 30-year plan which was adopted in the spring of 1935 calls for an expenditure of 265,000,000 yen. Already the new plan is laid out, roads are extended into the suburban districts, and land has been set aside for parks, playgrounds, and large public buildings. Looking forward to an industrial expansion, the east and west portions of the city are designated as districts for heavy and light industries respectively. Similar expansion work has been and is still progressing in almost all leading cities. Especially noteworthy have been the building activities in such cities as Tsitsihar, Hailar, Peian, Mutanchiang, Tumen, Anshan, and Dairen. The following figures show the comparative increase of building and construction activities in and near the leading cities of Manchuria between 1930 and 1935:

BUILDING AND CONSTRUCTION ACTIVITIES BY CITIES
(In 1,000 Yen)

Localities	1930	1931	1932	1933	1934	1935
Dairen & Vicinity	7,567	6,200	2,815	13,239	17,590	19,298
Anshan & „	569	300	300	3,628	6,133	4,354
Fushun & „	1,515	970	553	1,292	2,354	2,878
Mukden & „	1,813	1,677	4,771	14,413	20,523	18,245
Antung & „	896	701	631	1,447	954	2,300
Hsinking & „	1,224	755	6,797	16,210	33,265	40,688
Harbin & „	—	—	—	3,566	11,249	14,590

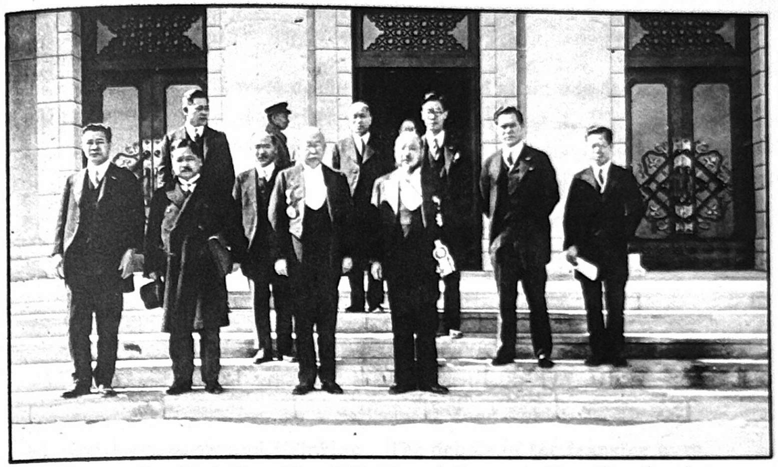
IV TRANSPORTATION AND COMMUNICATION

21 North Manchuria Railway Transfer

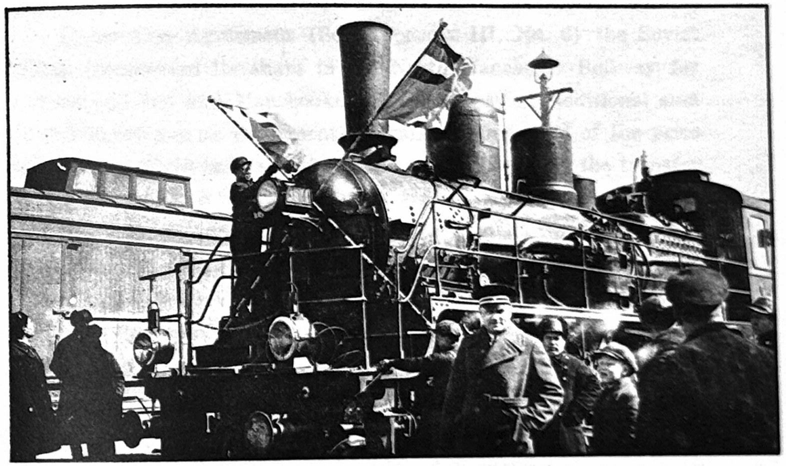
(1) *The Negotiations*

The transfer of the Soviet interest in the North Manchuria Railway, erstwhile the Chinese Eastern Railway and renamed after the establishment of Manchoukuo, was one of the most important events of the period under review. It meant the official exit of the Soviet Union from North Manchuria and the passing of the last vestige in Manchuria of the Russian imperial dream for a Far Eastern Empire. It signified, under the international law, the Soviet recognition of the Government of Manchoukuo. It signalized the last step toward the unification of all railways in Manchuria other than the South Manchuria Railway. It also ushered in a new era of railway transportation in Manchuria by assuring the eventual through-train service between Dairen and Harbin.

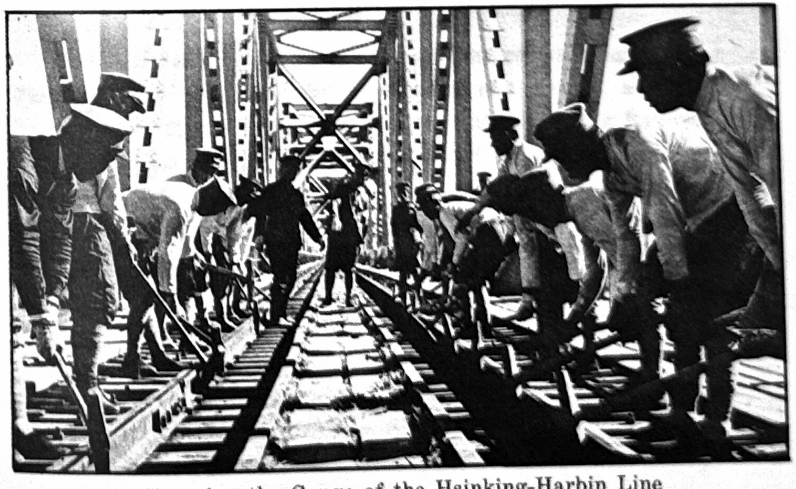
The proposal for the sale of the North Manchuria Railway was first officially made by Moscow to Tokyo on May 2, 1933. Foreign Minister Count Uchida replied on May 29 that Manchoukuo would be the proper body to buy the line and that Japan is prepared to offer her good offices to materialize such negotiations. The preparations progressed smoothly and the negotiations were opened at Tokyo between Lieutenant-General Tinge Shih-yuan, the Manchoukuo Minister to Japan, assisted by Mr. Chuichi Ohashi, the Vice-Minister for Foreign Affairs at Hsinking, and M. Constantin Youreneff, the Soviet Ambassador to Tokyo. The Soviet offer centered around the transfer price of 250,000,000 gold roubles which was countered by the Manchoukuo proposal of 50,000,000 yen. The Soviet offer was based upon the claim that 411,000,000 gold roubles had been invested in the Railway, making it 210,000,000 gold roubles by allowing for depreciation and decreased economic importance, plus 40,000,000 gold roubles for railway and forest areas. Manchoukuo contended that the Railway could be duplicated with a new line at a cost of 130,000,000 yen, that therefore the line was worth half of this sum due to its discrepit condition, that the Soviet Union owns only a half interest which makes the price 32,500,000 yen but that Manchoukuo is willing to pay 50,000,000 yen out of courtesy to Moscow.



S.M.R. President Hayashi and Minister of Communications Ting Leaving for the North Manchuria Railway Transfer Ceremony



The North Manchuria Railway Passes from the Soviet Hands to Manchoukuo



Changing the Gauge of the Hsinking-Harbin Line

The negotiations were deadlocked time and again due to the tremendous gap in the two prices offered. By August 4, Moscow reduced the offer to 200,000,000 gold roubles but the negotiations reached a complete impasse by the middle of September. Mr. Hirota then became Japan's Foreign Minister and wisely capitalized upon his experiences at Moscow to expedite the negotiations. Through his harmonizing interposition, therefore, the negotiations were resumed in February, 1934. Yet the price gap still separated Moscow and Hsinking. Then followed the Hirota-Youreneff conversations which resulted in reaching the transfer price of 170,000,000 yen, including 30,000,000 yen as a retirement fund, which was acceptable both to Moscow and Hsinking. The details of the transfer were then rapidly arranged and the agreement was signed at Tokyo with a gala ceremony on March 23, 1935.

Under this Agreement (See Appendix III, No. 6) the Soviet Union transferred its share in the North Manchuria Railway for 140,000,000 yen and Manchoukuo agreed to pay an additional sum of 30,000,000 yen as retirement allowances. One-third of the price was to be paid in cash and the balance in goods, while the transfer of the Railway and its appurtenances was to be effected on the date of the signature and the dismissal of the Soviet employees was to take place upon three-months notice. The Japanese Government, in the Hirota-Youreneff Note, undertook to guarantee the exact fulfilment by the Manchoukuo Government of "all the obligations of payment, in money as well as in goods", while the Hirota-Tinge Note explained that such a guarantee was given in compliance with the wishes of the Soviet Union "in view of the close and special relations existing between Manchoukuo and Japan".

(2) *Management of the Railway*

The Manchoukuo Government, under the contract signed on March 23, 1935, entrusted the management of the newly acquired line and its affiliated enterprises to the South Manchuria Railway Company. The contract specified the following points:

(1) That the Manchoukuo Government entrusts the South Manchuria Railway with the management of the North Manchuria Railway.

(2) That the redemption and payment of interest on the South Manchuria Railway bonds issued by the Manchoukuo Government and also of loans which may be made by the South Manchuria Railway Company to the Government of Manchoukuo in respect of the North Manchuria Railway shall be made out of

profits derived from the management so entrusted.

(3) That the property and gross income of the North Manchuria Railway shall be made the security for the principal and interest of loans, which may be made by the South Manchuria Railway Company. In case the Manchoukuo Government gives the property and the gross income of the North Manchuria Railway as the security for North Manchuria Railway bonds referred to in (2) the said security right shall have priority over the security right for the principal and interest of any loans made as mentioned in (2) by the South Manchuria Railway Company. It is further provided that without the consent of the South Manchuria Railway Company neither the property nor the gross income of the North Manchuria Railway can be made the security for any purpose other than those referred to in this paragraph.

(4) That the South Manchuria Railway Company shall deal with the enforcement and payment of the credits and debts hitherto existent.

The South Manchuria Railway Company, having reached the general understanding previously, took steps to close its offices in Harbin and caused the General Direction of Manchoukuo State Railways to enlarge its Harbin Office considerably for the purpose of meeting this added task. At the same time, the Company's resources of experience and man power were fully mobilized to effect a smooth taking over of the entire lines on the date of the transfer. Thus, on March 23, 1935, the arrangement to assume the added responsibility was complete and the official transfer was made in an elaborate ceremony at Harbin. And the historic shift in the management of the North Manchuria Railway was effected throughout its length of 1,778 kilometres without a least interruption in its traffic movement, which in itself was a marvellous accomplishment.

The internal condition of the North Manchuria Railway was far from being satisfactory. Not only were the lines and rolling stocks discrepit and obsolete in every sense but the internal affairs of the Railway were in a most confusing state and the smooth running of the entire system required a slow procedure. Especially troublesome was the settlement of various claims which were pending at the time of the transfer. Some idea of this problem may be discerned from the fact that there were pending no less than 1,374 cases, mostly civil, involving some 18,000,000 yuan. The General Direction has taken and is still taking studied steps for a complete renovation of the lines so as to raise them to the same level of efficiency as that of the other State Railways and to clear all claims in a most impartial manner. All of these works are now slowly progressing.

The lines thus taken over were immediately divided into three main sections and renamed the Hsinking-Harbin Line, the Harbin-Manchouli Line, and the Harbin-Suifenho Line.

(3) *Readjustment of Freight Rates*

The General Direction soon had to face the difficult problem of readjusting the old high freight rates. The freight rates of the North Manchuria Railway were graduated according to the distance, making Vladivostok the radiating pivot. Thus the entire system was divided into three classes, namely, local traffic, through traffic with the S. M. R. Lines, and through traffic with the Ussuri Railway lines, respectively divided into 19, 35, and 10 sections. Moreover, the rates for the through traffic with the S. M. R. Lines were based upon a most complicated system of rouble-yen exchange and often arbitrarily fixed, causing much inconvenience and trouble to the shippers. In order to relieve such a situation and to make the rates conform to those prevailing over the State Railways, the General Direction decided to take a momentous step to lower the rates, knowing very well a consequent loss of more than 5,000,000 yuan in revenues. The following tables indicate the drastic lowering of rates thus undertaken:

A. COMPARATIVE RATES OF PRINCIPAL COMMODITIES
(per kilo-ton for car-load handling)

	Former N.M.R.		State Railways		
Commodities	Local Traffic	Through Traffic with S.M.R.	Hsinking-Tumen Line	Mukden-Shanhaikuan Line	Others Including N.M.R.
	fen	fen	fen	fen	fen
Grains, Seeds	6.1	6.2	3.0	3.3	3.5
Bean Cakes	5.4	5.5	3.0	3.3	3.5
Lumber	3.6	3.7	3.0	3.3	3.5
Cotton Goods	24.1	26.8	4.0	4.2	4.5
Hemp Socks	13.2	13.3	3.0	3.3	3.5
Sugar	13.2	20.1	4.0	4.2	4.5
Fruits	15.3	13.3	3.0	3.3	3.5
Oil	17.9	18.7	5.0	5.2	5.5

Note: As the basis for the former N.M.R. is the gold rouble, the local rate is computed @130 yuan and the S.M.R. through traffic rate @160 yuan.

B. HSINKING-HARBIN RATES
(in Manchoukuo yuan per ton)

Commodities	Classification	Old Rates	New Rates	Comparison
Cotton Goods ...	Small Handling	57.94	13.86	-44.08
	Car-load Handling	Not Handled	11.15	-46.79

Commodities	Classification	Old Rates	New Rates	Comparison
Fresh Fish	Small Handling	57.94	11.45	–46.49
	Car-load Handling	Not Handled	8.74	–49.20
Sake	Small Handling	57.94	13.86	–44.08
	Car-load Handling	Not Handled	11.15	–46.79
Iron Products ...	Small Handling	42.93	11.45	–46.49
	Car-load Handling	Not Handled	8.74	–49.20
Grains	Small Handling	21.78	11.45	–10.33
	Car-load Handling	14.59	8.74	– 5.85

Note: Gold Rouble of the former N.M.R. @130 yuan.

(4) *Transportation of Retiring Soviet Employees*

At the time when the North Manchuria Railway was transferred to Manchoukuo, there were 17,071 employees. Of these 10,176 were Manchurians, 6,027 were Soviet Russians, and 868 were White Russians. Under the terms of the Transfer Agreement, the Soviet Russians were to retire from service upon three months' notice and to return to the Soviet Union. Naturally, the problem of transporting these retiring Russians and their families which numbered over 14,000 was another important and exceedingly delicate task which the authorities of the General Direction had to perform.

After carefully surveying the situation and formulating the general plans, the authorities first of all negotiated for an earlier withdrawal. Then they organized on March 29, 1935, a Transportation Committee, consisting of 134 Japanese and 312 Soviet Russians, to supervise and to assist the smoothest possible withdrawal of the retiring Soviet employees from Manchoukuo. The actual work of stipulated free transportation was began on April 2. It was to be completed by July 22 but it was delayed on account of an interim disagreement over the payment of retirement funds and extended to and completed on August 22. For this huge task, the General Direction had furnished 88 special trains consisting of 3,755 cars and transported a total of 20,988 retiring Russians and their families without a single accident. Under the Agreement, each family was to be allowed one car for the purpose of loading all of their possessions including furnitures and even domestic animals, and making it their home during their westward journey. Actually, however, the careful planning enabled to entrain an average of 1.6 families to a car and the packed trains presented a procession of moving houses, crowded with men and women, old and young, most of them appearing exceedingly dismal in leaving the land where they found comfortable living for more than ten, fifteen, and even twenty years.

The following table shows the distribution of the retiring Soviet employees and the manner of their transportation:

TRANSPORTATION OF RETIRING SOVIET EMPLOYEES

Districts	Number of Trains	Number Transported			Cars Used			
		Retired Employees	Family Members	Total	Passenger Cars	Freight Cars	Total	Average Families per Car
Harbin	55	4,360	9,033	13,393	178	2,252	2,430	1.8
Hsinking-Harbin	4	240	585	825	5	143	143	1.6
Harbin-Suifenho ...	14	858	2,461	3,319	31	546	577	1.5
Harbin-Manchouli...	15	780	2,318	3,098	35	565	600	1.3
Total	88	6,238	14,397	20,635	249	3,506	3,755	1.6

Note 1: This table includes 647 temporary employees and 1,802 members of their families, making a total of 2,449.

Note 2: In addition, free transportation was provided to 151 persons and 202 members of their families, making a total of 353. With this addition, the grand total is 20,988.

The transportation of the retiring Soviet employees was preceded by a more delicate task of paying the retirement funds. In performing this task under the Transfer Agreement, an unfortunate disagreement arose between the Manchoukuo Government and the Soviet representatives and the transportation was temporarily interrupted during the middle of May. The difficulty, however, was soon ironed out by compromises, the transportation was resumed, and the payment was completed in due time. Those who received the retirement funds in this manner numbered 5,276 and others including women and children who received special annuities 3,704, making the total number of recipients 8,980 and the total amount of retirement and annuity funds 21,466,585.49 yuan. Of this amount, the actual payment made totaled 21,410,397.69 yuan, leaving an unclaimed sum of 56,187.80 yuan allotted to 91 persons. This left a balance of 8,530,000 yuan from 30,000,000 yuan stipulated in the Agreement. Manchoukuo's original estimate was 26,248,553 yuan as against the Soviet demand for 30,000,000 yuan.

(5) *Standardization of the Gauge*

The North Manchuria Railway was built with the broad gauge (1.524 metres or 5 feet) while the State Railways and the South Manchuria Railway are built with the standard gauge (1.435 metres or 4 feet 8.5 inches). For the complete unification of the Manchoukuo State Railways under the supervision of the General Direction, it thus became necessary to standardize the gauge of the North Manchuria Railway. After a thorough survey of the lines and a careful deliberation of the whole problem, however, the authorities of the South Manchuria Railway Company and the General Direction decided to standardize only the Hsinking-Harbin line, a distance of 240 kilometres, thus making possible the Dairen-Harbin through traffic without changing trains at Hsinking, and to postpone the standardization of the other lines for the time being. The engineers of the South Manchuria Railway and the General Direction immediately began the preparatory work.

The greatest difficulty of the project arose from the fact that the broad gauge is only 89 milimetres or 3.503 inches wider than the standard gauge, making it impossible to lay a new line inside the track in advance, for then the basis of the new and existing rails would overlap. Consequently, rails of one side of the track should first be freed of spikes and removed to the new position. This work required a careful preparatory process especially in view of curves, crossings, and switches. Another difficulty confronted was the fact that nearly two-thirds of the ties for the entire line were either rotten or defective and had to be replaced. Moreover, considerable readjustment and preparatory work had to be performed at the Harbin terminal for the effective handling of the through trains and traffic. Taking all of these and other difficulties into consideration, the preparatory work was minutely planned and carefully completed before the day appointed for the epochal performance.

By the dawn of August 31, 1935, about 2,000 competent workers, distributed over the 240 kilometres with 15 men each for a distance of 2 kilometres, were ready to begin the momentous work. At 5 A.M. the signal was broadcast from the Headquarters in Harbin and the standardization project was started simultaneously all over the line. Within an amazing time of one hour and thirty minutes, the main work was completed. The minor details and the rechecking of the work took up another one hour and twenty minutes. And at 8 A.M. just three hours after the project started, the erstwhile broad gauge was changed to the standard gauge over the entire length of 240 kilometres. The first trains which left Harbin and Hsinking with the high officials of the Manchoukuo Government, the South Manchuria Railway Company, and the General Direction of Manchoukuo State Railways met at Laoshaokou and the epochal project of standardizing 240 kilometres in 3 hours was celebrated with a simple ceremony. The total expense of the enterprise was estimated at 13,000,000 yen, of which only 700,000 yen were used for the standardization of 240 kilometres and the balance for the rebuilding of the Harbin terminal, the installation

of new signal system, the reconstruction of rolling stocks, and other readjustments.

On September 1, the day after the completion of the standardization project, the first through train service between Dairen and Harbin was inaugurated when the "Asia," the crack stream-lined super-express and the pride of the South Manchuria Railway Company, left Dairen and Harbin simultaneously at 9 A.M. and completed the trip at 10.30 P.M. or in thirteen hours and thirty minutes. The "Asia" has to slow up considerably between Hsinking and Harbin on account of slow rail and road conditions but even then it covers the distance in three hours and fifty-eight minutes while it required seven hours and thirty minutes formerly. Moreover, the elimination of trans-shipment at Hsinking, needless to add, is an untold benefit to the goods traffic and for the general economic and industrial life in North Manchuria.

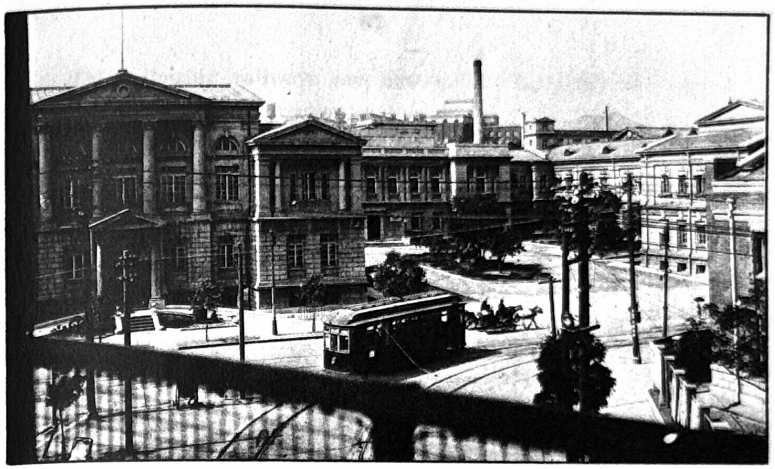
(6) *Payment in Kinds*

The payment for the North Manchuria Railway transfer have been progressing without difficulty. Especially interesting has been the payment in kinds. By April 30, 1936, about one year after the transfer, 645 contracts amounting to 92,285,000 yuan had been approved and 37,255,784.27 yuan worth of goods had been actually delivered. The merchandises thus delivered to the Soviet Union are as follows: machinery, 21,451,000 yuan; vessels, 14,761,000 yuan; iron bars and sheets, 2,941,000 yuan; wires, 8,531,000 yuan; beans and bean-oil, 8,297,000 yuan; green tea, 8,045,000 yuan; cement, 5,709,000 yuan; ropes, 5,219,000 yuan; flour, 1,864,000 yuan; rayon, 1,591,000 yuan; woven goods, 5,623,000 yuan; and miscellaneous goods, 8,253,000 yuan.

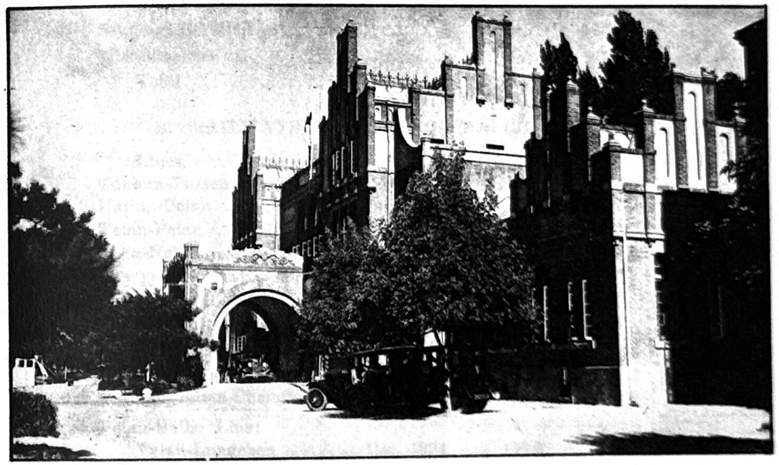
22 Unified Management of Manchoukuo State Railways

The Manchoukuo Government, under a contract signed on February 9, 1933, entrusted the entire management of the Manchoukuo State Railways to the South Manchuria Railway Company (Cf. Fourth Report, Section 81). This was done for two principal reasons. In the first place, it was imperative to unify widely variegated lines, most of them entailing large losses owing to their diverseness and poor management, and it was most appropriate to assign the task to the Company which both possessed a long and tried experience and has shown unquesionable ability to manage and operate railways. In the second place, such an arrangement would be mutually advantageous in settling an enormous amount of Manchoukuo's indebtedness to the Company, estimated at 130,000,000 yen, which was incurred by the former regime and which Manchoukuo had assumed, in connection with the financing and construction of several railways by the Company. In other words, the said loans were to be secured on the property and proceeds of the entire Manchoukuo State Railways. The arrangement also included the management of water transportation enterprises on the Sungari River, harbor undertakings at Yingkou and Hulutao, and bus lines. In order to assume this tremendous responsibility, the Company immediately organized the Tetsuro Sokyoku, or the General Direction of Manchoukuo State Railways, with its headquarters at Mukden, which began its operation on March 1, 1933. The North Manchuria Railway lines were added on March 23, 1935, when the Soviet Union transferred its share therein to Manchoukuo (See above, Section 21).

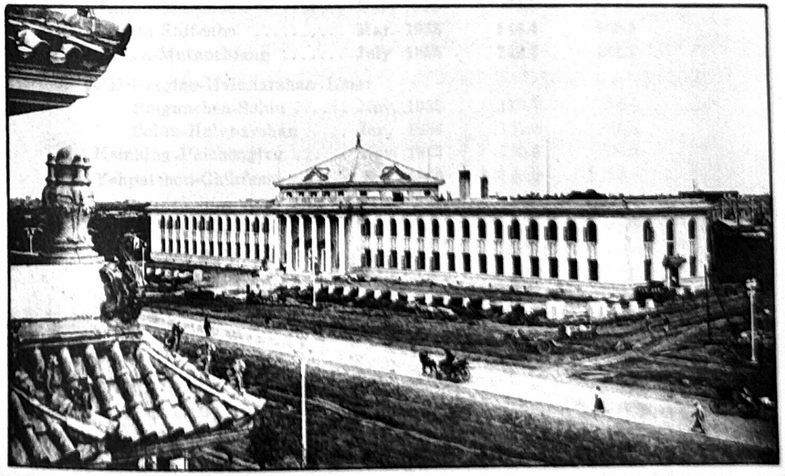
The General Direction is almost as large and comprehensive an organization as the Company's main office in Dairen. Since its organization, it introduced numerous improvements and effected a series of reorganizations in order to transform the neglected lines into a modern railway system. Among other things, it established uniform regulations, fares, rates, and classifications on all lines; started through train service with the South Manchuria Railways and inaugurated the through booking traffic with the adjacent railways; improved the railway tracks and rolling stocks, and introduced sleeping and dining car service; added the mixed-storage system similar to that practiced by the Company along its lines; developed the river navigation (See below, Section 25) and began operation of bus lines on an extensive scale (See below, Section 24); initiated a rational employees' compensation system; unified and improved the schools and hospitals which were formerly managed by the several railways independently, and established a railway training institute; introduced the guard system of its own to assure the safety of railway operation; began operation of hotels at important points; took initiative in encouraging the development of industries along the railways in cooperation with the inhabitants; and established an up-to-date system of railway accounting and purchasing and statistics. Thus, the transportation system throughout Manchoukuo is now witnessing an unprecedented rapidity of modernization and developments under the S. M. R. management.



The S. M. R. Head Office, Dairen



The General Direction of Manchoukuo State Railways, Mukden



The Department of Communications, Hsinking

The following railways are now under the direct management of the General Direction:

Railways Under General Direction

A. RAILWAYS TAKEN OVER IN MARCH, 1933

Lines	Kilometres	Miles
Mukden–Shanhaikuan	419.6	260.7
Tahushan-Chengchiatun	367.1	228.1
Koupangtzu-Hopei	91.1	56.6
Chinchou-Peipiao	112.6	70.0
Mukden-Kirin	447.6	278.2
Hsian-Shaho	74.3	46.2
Hsinking-Tunhua	338.1	210.0
Harbin-Hailun	220.1	136.8
Tsitsihar-Taitung	143.4	89.1
Ningnien-Laha	48.0	29.8
Paichengtzu-Pinganchen	71.1	44.2
Ssupingkai-Tsitsihar	571.4	355.1
Miscellaneous	38.5	23.9
Total	2,935.9	6,857.0

B. RAILWAYS ADDED SINCE MARCH, 1933

Lines	Date	Kilometres	Miles
Tunhua-Tumen	Sept. 1933	189.9	118.0
Hailun-Peian	Dec. 1933	106.0	65.9
Taian-Peian	Dec. 1933	87.0	54.1
Laha-Noho	Dec. 1933	38.8	24.1
Chaoyangchuan-Kamisanbo	Apr. 1934	60.0	37.3
Lafa-Harbin	Sept. 1934	271.7	168.9
Chinlingssu-Chengte Line:			
Chinlingssu-Lingyuan	Dec. 1934	156.8	97.4
Lingyuan-Pingchuan	Oct. 1935	87.2	54.2
Pingchuan-Chengte	Mar. 1936	99.4	61.8
Peian-Heiho Line:			
Peian-Lungchen	Dec. 1934	136.9	85.1
Lungchen-Heiho	Nov. 1935	166.0	103.1
Hsinking-Harbin	Mar. 1935	240.2	149.3
Harbin-Manchouli	Mar. 1935	934.8	580.9
Harbin-Suifenho	Mar. 1935	546.4	339.5
Tumen-Mutanchiang	July 1935	248.7	154.1
Paichengtzu-Halunarshan Line:			
Pinganchen-Solun	Nov. 1935	119.7	74.4
Solun-Halunarshan	Jan. 1936	131.0	81.4
Hsinking-Paichengtzu	Nov. 1935	332.6	206.3
Yehpaishou-Chihfeng	Dec. 1935	146.9	92.0
Mutanchiang-Chiamussu Line:			
Mutanchiang-Linkou	July 1935	110.0	68.4
Linkou-Poli	Jan. 1936	86.2	53.6
Linkou-Mishan	Dec. 1935	183.0	113.7
Miscellaneous	—	26.4	16.4
Total	—	4,505.6	2,799.9

The following two tables give the record of passenger and freight traffic under its management for the first three years:

Passenger and Freight Receipts

A. PASSENGERS CARRIED, 1933–1936

Fiscal Years	Passengers Carried	Receipts in Yuan
1933–34	8,073,301	14,706,341
1934–35	5,291,043	11,785,712
1935–36	14,105,552	28,678,252

B. FREIGHTS HAULED, 1933–1936

Fiscal Years	Freight Hauled in Kgs.	Receipts in Yuan
1933–34	8,900,041	36,079,644
1934–35	11,895,500	50,513,474
1935–36	15,001,882	67,811,016

23 The South Manchuria Railway

The South Manchuria Railway Company is more than a mere railway company; it has been and still is the carrier of the light of civilization into Manchuria (For details, See First–Fourth Reports). In addition to its extensive railway undertakings which constitute its main business, the Company continues to operate, as accessory enterprises, coal mines, railway workshops, harbors and wharves, warehouses, and hotels; it administers the Railway Zone; it conducts schools, libraries, hospitals, and various hygienic institutions; it controls a number of joint-stock companies, electric and gas works, shipping and dockyard companies, and several industrial concerns and factories; and it carries on a chemical research laboratory, a geological research institute, an economic research committee, and several agricultural experimental stations and farms. Thus its far-flung activities and interests are inseparably tied up with the industrial, commercial, social, intellectual, and general economic life of the country, and the epic story of its growth is to a large extent the story of the phenomenal development and progress of Manchuria during the past twenty-nine years. The Company was established in 1906 and began its operation in 1907, and will celebrate its thirtieth anniversary in 1937. (For detailed figures on the above-mentioned various activities, see Appendix I.)

During the period under review, 1934–1936, the Company continued to make a record progress. The railway receipts increased from 119,677,000 yen for the fiscal year ending on March 31, 1934, to 126,525,000 yen for 1934–1935 and 134,686,000 yen for 1935–1936. The receipts from harbor and wharf works increased from 13,034,000 yen for 1933–1934 to 15,730,000 yen for 1934–1935 and 14,393,000 yen for 1935–1936. The income from its collieries increased from 70,976,000 yen for 1933–1934 to 85,526,000 yen for 1934–1935 and 92,559,000 yen for 1935–1936. All told, the net profit of the Company increased from 42,921,000 yen for 1933–1934 to 46,467,000 yen for 1934–1935 and 49,624,000 yen for 1935–1936. (For details and complete figures, see Appendix I.)

During the same period, the Company undertook or introduced new enterprises and instituted numerous changes in its far-flung activities. Among these may be mentioned the following more notable changes:

(1) The retirement of Count Hirotaro Hayashi as President of the Company in August, 1935, and the appointment of Mr. Yosuke Matsuoka as his successor. Soon afterward Vice-President Yoshiaki Hatta also retired from office and Mr. Takuichi Ohmura was appointed to succeed him.

(2) The organization of the Showa Steel Works, Inc., with an authorized capital of 100,000,000 yen, of which the Company holds the entire stock. The Showa Steel Works took over the entire activities of the Company's Anshan Iron Works at Anshan and since expanded the plants to produce both iron and steel products.

(3) The construction and introduction on November 1, 1934, of the "Asia," the crack stream-lined super-express, the best in the Far East, which covers 700 kilometres between Dairen and Hsinking in eight hours and thirty minutes. The "Asia" was extended to Harbin on September 1, 1935, after the transfer of the North Manchuria Railway and the standardization of its gauge, covering the entire distance of 942 kilometres in thirteen hours and thirty minutes.

(4) The completion of an alteration project to double the production of the Shale Oil Plant at Fushun. This was started in 1934 and completed early in 1936.

(5) The taking over of the North Manchuria Railway a task which taxed every ounce of the Company's resources and experiences, both technical and financial, and its organization and man-power. The successful taking over of 1,732 kilometres of the railway without a slight interruption in its traffic and the epochal standardization of 240 kilometres of the Hsinking-Harbin Line in three hours are both epoch-making achievements in the history of railway undertakings (See above, Section 21).

(6) The participation in the further economic and industrial reconstruction and development programs in Manchuria, including among others, the construction of 2,850 miles of new railway lines in less than three years (See above, Section 17), the participation

in the establishment of special State enterprises (See below, Section 36), the construction of Rashin and Hulutao harbors (See above, Section 19), and the participation in the flood control activities.

(7) The enormous increase in the number of regular employees, from 39,545 in March, 1934 to 46,993 in March, 1936. The personnel expenses of the Company proportionately increased from 73,690,000 yen to 94,209,000 yen for the respective dates.

The following table gives the comparative growth of the S. M.R. capital outlays during the period under review:

S. M. R. CAPITAL OUTLAYS, 1907–1936
(In 1,000 yen)

Activities	1907–34	1907–35	1907–36
Railways	274,248 (37.2%)	289,777 (37.2%)	305,197 (38.0%)
Hotels	5,146 (0.7%)	5,284 (0.7%)	5,265 (0.7%)
Harbors	90,122 (12.2%)	97,282 (12.5%)	100,471 (12.5%)
Collieries	109,064 (14.8%)	117,658 (15.1%)	119,794 (14.9%)
Shale Oil Plant	7,508 (1.0%)	11,025 (1.4%)	10,518 (1.3%)
Local Public Works	185,910 (25.0%)	188,623 (24.2%)	193,027 (24.0%)
Others	65,943 (8.9%)	68,296 (8.8%)	68,668 (8.6%)
Total	737,942 (100.0%)	777,944 (100.0%)	802,940 (100.0%)

The profit and loss account for the same period may be seen from the following summary:

S. M. R. PROFIT AND LOSS ACCOUNTS, 1933–1936
(In 1,000 yen)

Activities	1933–34			1934–35			1935–36		
	Rec.	Exp.	Bal.	Rec.	Exp.	Bal.	Rec.	Exp.	Bal.
Railways	119,677	43,910	+75,766	126,525	43,344	+83,181	134,686	44,730	+89,956
Hotels	2,536	2,550	−14	2,896	2,700	+196	3,215	3,159	+56
Harbors, Wharves	13,034	9,817	+3,217	15,730	10,479	+5,251	14,393	9,483	+4,910
Collieries	70,976	65,960	+5,016	85,525	75,002	+10,523	92,559	79,846	+12,713
Oil Distillation	5,277	4,452	+825	3,884	3,412	+472	6,962	5,911	+1,051
Iron Works	3,040	3,584	−544	—	—	—	—	—	—
Local Public Works	6,185	16,855	−10,670	7,273	18,179	−10,906	9,407	20,946	−11,539
General Affairs	10,866	29,396	−18,530	2,740	16,704	−13,964	6,667	20,835	−14,168
Interest	16,412	28,558	−12,146	26,093	31,200	−5,107	34,267	40,705	−6,438
Total	248,002	205,081	+42,921	270,669	224,202	+46,467	302,158	252,534	+49,624

24 Extension of Bus Lines

In 1932, the Manchoukuo Government has evolved a ten-year plan to construct 60,000 kilometres of national highways and the execution of the plan is gradually progressing (See above, Section 18). Over these highways were introduced the buses, the latest addition to the land transportation in Manchuria.

The Manchoukuo Government had entrusted the General Direction of Manchoukuo State Railways, together with its railways and

river lines, with the exclusive right of operating all of its bus lines and launching new bus lines over certain classes of its national highways. The latter includes those lines (1) which are competitive to the railways, (2) which take the place of railways, and (3) which are indispensable for the development of hinterland and the maintenance of peace and order. The bus lines over the other highways are open to free enterprise but the Government exercises a strict control over them under the general policy of "one highway-one bus line." Accordingly, the General Direction has started its first bus line between Peipiao and Chengte in March, 1933, and has been since extending and developing a studied system of bus transportation for the entire country, both as feeders to the railways and for the convenience of the general public.

In most countries of the world, the bus transportation has made a spectacular development and successfully competed with the railways, often driving the latter out of business. In Manchuria, the situation is quite different. The density of population is still too thin in most sections and the number of passengers is small. Moreover, the installation cost and operating expenses, especially the prices of buses and fuel, are comparatively high. Consequently, no small-scale undertaking can assure profitable returns and no long-distance bus lines in competition with railways can develop in Manchuria. Under the circumstances, the General Direction is operating its extensive bus lines, not so much as a source of revenue, but more as a means of opening up the hinterland and supplementing the fast expanding but still insufficient railway lines. Necessarily there is no competition between bus lines and railways.

The General Direction now operates some 15 bus lines covering slightly over 5,000 kilometres with over 400 buses and 700 employees. The details of the lines as of June 1, 1936, are as follows:

BUS LINES IN MANCHURIA

Lines	Opening Date	Kilometres	
Jehol Lines	1933–35		1,223
a. Peipiao–Chengte	1933	320	
b. Chaoyang–Chihfeng	1933	190	
c. Chengte–Chihfeng	1933	265	
d. Chaoyang–Chaoyangchan	1933	4	
a. Lingyuan-Lingyuanchan.	1934	4	
f. Chihfeng–Linhsi	1934	210	
g. Chengte–Fengning	1935	100	
h. Weichang–Tolun	1935	130	
Antung–Chengtzutan Lines	1935		296
a. Antung–Chengtzutan	1934	214	
b. Fenghuangcheng–Huangtukan	1934	82	

Lines	Opening Date		Kilometres
Shanchengchen-Tunghua Line ..	1934		145
Mukden-Fushun Line	1934		56
Haicheng-Newchuang Line	1934		25
Tunhua-Hailin Lines	1933–34		370
a. Tunhua-Hailin	1933–34	230	
b. Ningan-Mutanchiang ...	1934	40	
c. Hailin-Mutanchiang	1934	20	
d. Omu-Mahao	1934	80	
Hsinking-Taonan Lines	1934		398
a. Hsinking-Fuyu	1934	166	
b. Talai-Howafan	1934	73	
c. Talai-Taonan	1934	159	
Noho-Heiho Lines	1934		360
a. Noho-Aigun	1934	297	
b. Noho-Fuhsi	1934	30	
c. Aigun-Heiho	1934	33	
Hsinmin-Changwu Line	1935		62
Mukden-Kangping Line	1935		119
Hsinking-Kirin Line	1935		126
East Manchuria Lines	1934–35		162
a. Hunchun-Tunghsinchen .	1934	100	
b. Suifenho-Tungning	1934	62	
Hsingan Lines	1934–35		789
a. Wangyehmiao-Hailar ...	1934–35	547	
b. Taonan-Tuchuan	1934	105	
c. Heiho-Hantachi & Branch	1935	137	
Tsitsihar-Kannan Line	1935		107
Harbin-Tungchiang Lines	1934–35		916
a. Harbin-Tungchiang	1934	636	
b. Chiamussu-Poli	1935	160	
c. Fuchin-Paoching	1935	120	
Grand Total			5,152

In addition to the above lines already in operation, no less than 25 lines aggregating 4,664 kilometres are now being planned.

The following table shows the passenger and freight traffics and receipts over the bus lines in operation:

PASSENGER AND FREIGHT RECEIPTS

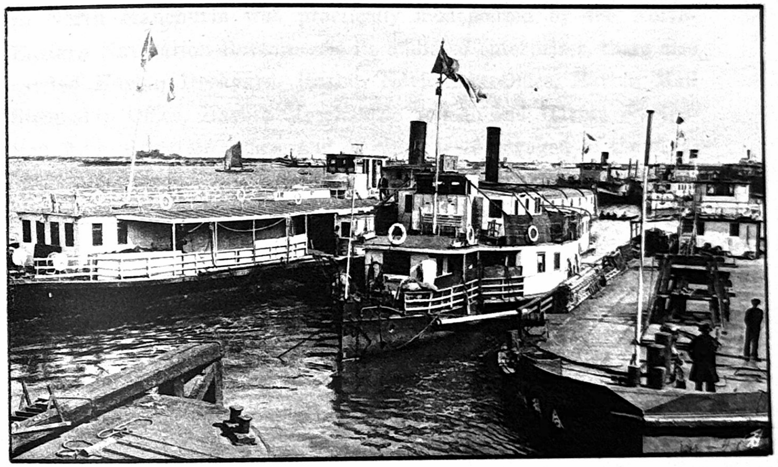
Years	Average Distance in Km.	Passengers	Receipts in Yuan	Goods in Kgs.	Receipts in Yuan	Total Receipts in Yuan
1933	699	92,924	446,498	1,512,789	139,633	586,131
1934	2,381	357,920	854,165	6,649,635	360,144	1,214,309
1935	3,186	514,572	974,253	5,102,955	344,611	1,318,864

Within the Kwantung Leased Territory, a network of bus lines, involving 11 lines and aggregating 340 kilometres, is operated by the Dairen Urban and Interurban Transit Company. Out of those 11 lines, 9 were started after 1932.

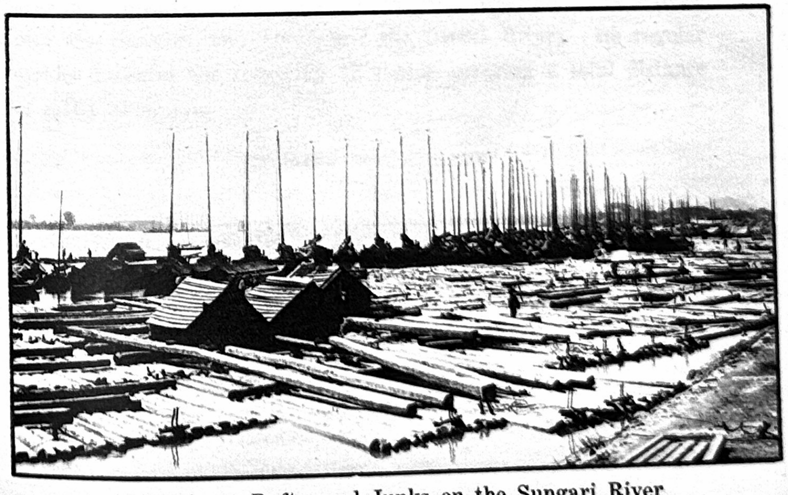
25 Development of River Transportation

There are three large rivers in Manchuria and they constituted the oldest transportation system, long before the appearance of

A General Direction Bus and a New Highway in Manchoukuo



The Bustling Water-front, Harbin



Lumbers, Rafts, and Junks on the Sungari River railways. The Liao River furnishes an outlet for agricultural products, chiefly of the southern part of Fengtien Province, down to Yingkou, while the Yalu River is extensively used in transporting timbers to the port of Antung. More important is the Sungari River, draining the whole of North Manchuria and emptying into the Amur River at the north-eastern extremity. The railway facilities have not yet penetrated large portions of North Manchuria and the Sungari still serves an extensive area as the only means of transporting agricultural and other products to the nearest railway stations. Harbin has grown, thus, not only as a northern railway junction city, but also as a center of the river traffic over the Sungari River.

Before the establishment of Manchoukuo, the river navigation in North Manchuria was practically monopolized by the North-Eastern Navigation Bureau. As its affiliated enterprises, there also existed Harbin Dockyard, Harbin Navigation Office, Harbin Mail Steamship Office, Harbin Merchantile School, and Harbin Navigation Administration Office, and 40 ships were engaged in the river navigation. After the establishment of Manchoukuo, the Government took over these institutions and later entrusted the General Direction of Manchoukuo State Railways with all except the last named office, as the river navigation has a close connection with the railway transportation.

After a careful study of the whole situation, the General Direction has amalgamated various navigation bodies into one entity and organized the Harbin Navigation Association in 1933. It has also established the Direction for Navigation at Harbin to supervise the various activities of the Association. Today it operates through the Harbin Navigation Association 48 vessels over the Sungari, the Amur, and the Ussuri Rivers. Its regular service includes the following 12 routes, covering a total distance of 5,194 kilometres:

SUNGARI RIVER LINES

Lines	Kilometres
Harbin-Fuchin	614
Harbin-Fuchin-Heiho	1,418
Harbin-Fuchin-Hulin	1,286
Harbin-Fuyu	324
Harbin-Chiangchiao	503
Fuyu-Kirin	414
Chiangchiao-Tsitsihar	126
Fuchin-Heiho	804
Heiho-Moho	827
Moho-Kilarin	623

Lines	Kilometres
Hulin-Lungwangmiao	286
Hulin-Mishan	350
Total Operating Distance	7,575
Total Distance Covered	5,194

Over these lines, 382,916 passengers and 817,069 tons of goods were carried in 1934 and 500,232 passengers and 755,045 tons of goods in 1935.

As an enterprise closely affiliated with the river navigation, the General Direction also provides and maintains wharves at Harbin, Ilan (Sanhsing), Lienchiangkou, Chiamussu, Huachuan, Fuchin, and Heiho. Of these the busiest are the five wharves located at Harbin. In 1935, these wharves handled 1,043,000 tons of goods, of which 505,000 tons passed through the Harbin wharves.

26 Expansion of Air Transportation

The development of air transportation in Manchuria is of recent origin. Before 1929, in fact, there was no regular air service. On April 1, 1929, the Japan Air Transport Company inaugurated the regular air service in Manchuria by extending its service from Tokyo to Dairen via Osaka, Fukuoka, Urusan, Keijo, Heijo, and Shingishu. At first this service was for the mail only but it was extended to the passenger service in September of the same year.

With the emergence of Manchoukuo in 1932, the air transportation service received a new impetus. In October, 1932, the Manchuria Air Transport Company was established by the Manchoukuo Government with an authorized capital of 3,850,000 *yuan*. The capital for the enterprise was supplied jointly by the Manchoukuo Government, the South Manchuria Railway Company, and the Sumitomo Company of Japan. The Manchoukuo Government granted the M.A.T.C. the exclusive right to operate air transportation within Manchoukuo and the M.A.T.C. began its service in November, 1932. The through service with the Japan Air Transport Company was also inaugurated during the same year at Dairen and Shingishu. The M.A.T.C. has its headquarters at Mukden and 12 branches with sub-branches at various important cities.

Since November, 1932, the M.A.T.C. gradually expanded its air service and today it operates 15 regular routes and 2 military routes, covering 7,645 kilometres as follows:

AIR ROUTES IN MANCHURIA

	Kilometres
A. General Passenger Service:	
1. Dairen-Mukden-Hsinking-Harbin	865
2. Harbin-Tsitsihar	275
3. Tsitsihar-Hailar-Manchouli	675
4. Tsitsihar-Nenchiang-Heiho	440
5. Harbin-Peian-Heiho	510
6. Hsinking-Kirin-Yenchi-Lungchingtsun-Seishin	600
7. Mukden-Tunhua	240
8. Mukden-Shingishu	210
9. Mukden - Chinchou - Shanhaikuan - Chaoyang - Lingyuan-Chengte	400
10. Chinchou-Chaoyang-Lingyuan-Chengte	315
11. Chinchou-Chaoyang-Chihfeng-Linhsi	230
12. Harbin-Ilan-Chiamussu-Fuchin	390
13. Hsinking-Chengchiatun-Tungliao-Kailu-Linhsi	595
14. Hsinking-Mutanchiang	350
15. Mutanchiang-Poli-Chiamussu	275
B. Military Service (ordinary passengers carried whenever vacant seats are available).	
16. Harbin-Mutanchiang-Tungning-Suifenho-Mishan	410
17. Fuchin-Hulin-Mishan-Mutanchiang	695

The Dairen-Shingishu Line is still operated by the Japan Air Transport Company as a part of its Tokyo-Dairen service.

Such a development of air service considerably shortened the distance between Manchuria and Japan. One can leave either Dairen or Hsinking at the day-break and fly over Chosen, Northern Kyushu, and the Inland Sea, and arrive at Osaka by the nightfall, enabling him to take a crack sleeper and to reach Tokyo early in the morning of the following day. In effect, this is a 24-hour service. A faster air service between Dairen or Hsinking and Tokyo, leaving in the morning and arriving at night, is now being contemplated.

27 Renovation of Postal Administration

The postal services in Manchuria during the later years of the Manchu Dynasty were supervised by the Postal Commissioner's Office in Mukden alone, and this arrangement remained in force until 1921. When the Republic of China was divided into twenty-four postal districts, of which two were in the Manchuria area, namely, Mukden and Heilungkiang-Kirin districts, postal commissioner's offices were established in Mukden and Harbin, while the postal services in Jehol Provinces were placed under the jurisdiction of the Postal Commissioner at Tientsin. This arrangement lasted until July 26, 1932, when the Manchoukuo Government took over the entire postal administration within its boundary (See Fourth Report, Section 83). The first series of Manchoukuo postage stamps were issued on August 1, 1932.

The postal administration thus taken over was placed under the direction of the Department of Communication and carried out through two postal districts as before, namely, the Mukden and Harbin Districts. The third, the Hsinking District, was added on November 1, 1934. There were 299 post offices of various classes and 629 postal agencies in 1932. Many of these had to be closed on account of the confusion which followed the change of administration and 185 post offices and 2 postal agencies were reopened by the end of August. Then followed further reorganization and improvement, and the authorities gradually began to augment the number of post offices and agencies for an efficient administration. By the end of 1932 the number of post offices increased to 283 and postal agencies to 720 and by the end of 1935 to 355 and 782 respectively.

In the meanwhile, postal charges for both domestic and foreign mails were reduced, from 4 fen and 2 fen to 3 fen and 1½ fen for domestic mails and from 25 fen and 15 fen to 10 fen and 6 fen for foreign mails. The parcel post rates were also reduced. Postal savings were inaugurated in May, 1933, and have since made an amazing progress, aggregating 2,336,088 yuan and involving 72,675 persons at the end of 1935 (See Appendix II, No. 12). The money order service within Manchoukuo and between Japan and Manchoukuo was resumed in 1933, and between Manchoukuo and China in February, 1935.

At the time when it took over the postal administration from China, the Manchoukuo Government applied for membership in the International Postal and Telegraph Union but the affiliation was denied. It also approached Japan, China, and the Soviet Union with a proposal to continue provisionally to conduct foreign mails by exchange service as before until formal agreements could be made. The proposal having been accepted by the Japanese and Soviet Governments, foreign mails via Siberia are handled by the Harbin Post Office and those to North and South America and Europe via Japan by the Mukden Post Office. Following Japan's official recognition of Manchoukuo, the Japan-Manchoukuo mail service involving all phases continued without interruption. Finally, the Japan-Manchoukuo Postal Agreement was signed on January 26, 1936, and all obstacles were cleared for an efficient postal through service between the two countries.

On the other hand, China refused to recognize the Manchoukuo postal administration and to handle direct exchange of mails except through the intermediary of the Japanese Post Office in Dairen. Fortunately, however, due largely to the pressure of practical necessity, difficulties were smoothed out to the satisfaction of both parties through protracted negotiations extending over two years and a Sino-Manchoukuo Postal Agreement was reached by the end of 1934. The Sino-Manchoukuo postal service was then revived on January 10, 1935, with Manchoukuo's "nameless" stamps and the parcel post service one month later. The international postal air service soon followed.

Another interesting development has been the gradual extension of international postal money order service. In addition to Japan and China as already noted, the postal money order service was inaugurated "through the intermediary of the Japanese Government" between Manchoukuo and Netherlands Indies on May 1, 1935, Germany on October 1, 1935, Poland on November 15, 1935, the Netherlands on November 25, 1935, and Hongkong on December 1, 1935. The exchange of postal money order between Manchoukuo and Switzerland is now under negotiation.

The postal administration within the Kwantung Leased Territory and the S. M. R. Zone is a part of the postal administration system in Japan, necessarily using Japanese regulations and Japanese postage stamps.

28 Consolidation of Electric Communications

After the establishment of Manchoukuo, the need for the unification of two different systems of electric communications, one maintained by the Manchoukuo Government and the other by the Kwantung Government in the Japanese Leased Territory and the S.M.R. Zone, was keenly felt by both sides. The two Governments finally reached an agreement on March 26, 1933, to consolidate their respective electric communications by establishing the Manchuria Telephone and Telegraph Company as a Japan-Manchoukuo joint corporation with an authorized capital of 50,000,000 yen. The M.T.T.C. thus conceived was established on August 31 and opened to business on September 1, 1933. It not only controls and manages all telegraphs and telephones in the whole area of Manchoukuo, the Kwantung Leased Territory, and the S.M.R. Zone, but also has taken charge of all enterprises related to radio-broadcasting and television, excepting those electric communication services belonging to the military, police, Governments offices, railways, and aviation enterprises (See Fourth Report, Section 84). Its head office was temporarily located at Dairen but removed to its new building at Hsinking late in 1935.

The M.T.T.C. set up a five-year program, involving 18,800,000,000 yen, for the improvement of electric communications including the establishment of head offices, reduction of rates and fees, increase of speed, and general betterment of services. As a part of this program, the Company had expended 2,800,000 yen during 1933, 11,000,000 yen in 1934, and 12,800,000 yen in 1935 and made an appropriation of 10,000,000 yen in 1936 for the standardization of the entire system, the extension of lines especially in North Manchuria and Jehol Province, the improvement of old-fashion machines, and the installation of new-style machines. As a result, the lines were increased from 34,083 kilometres of 193 circuit lines on September 1, 1933, to 45,886 kilometres of 277 circuit lines at the end of 1935 and the telegraph offices from 363 to 562 for the respective dates.

In the field of wireless telegraphy, the Company has made an equally steady progress and the number of wireless telegraph stations increased from 15 in September, 1933, to 28 at the end of 1935. It also operates four broadcasting stations, namely, at Dairen, Mukden, Hsinking, and Tsitsihar. The most noteworthy achievement in this field was the establishment at Hsinking of a 100-kilowatt broadcasting station which was completed at a cost of over 2,000,000 yen and opened on November 1, 1934. This station also handles the through wireless communications with Berlin, Paris, and San Francisco.

The Company took up the improvement in the telephone service simultaneously with the development of telegraphs. The work of unifying and standardizing the telephone service in Manchoukuo proceeded rapidly. It absorbed the telephone services in Hailar, Tumen, and Heiho in 1934 and in Tungliao, Yenchi, Fuchiatien in Harbin, Antung, Yingkou, and Koshan in 1935, involving a total value of 1,300,000 yen. During 1936, it plans to add Hailun, Hunchun, Tunhua, Chiamussu, and Fuchin under its wings. Within Manchoukuo, the telephone offices increased from 61 in September, 1933, to 122 at the end of 1935, the number of subscribers from 30,764 to 54,494, and the extension of lines from 66,870 kilometres to 91,570 kilometres. Among the improvements may be mentioned also the introduction of automatic telephone system in such leading cities like Hsinking, Kirin, Tsitsihar, and the others. The greatest triumph of the period was the successful inauguration of the Japan-Manchoukuo telephone communication on August 1, 1934.

V DEVELOPMENT OF RESOURCES

29 Agricultural Development

(1) *General Survey*

Manchuria is often described as the "Granary of Asia," as possessing "one of the most fertile soils in the world," and the land of "untold agricultural opportunity." While such descriptions greatly exaggerate the actual conditions, they unmistakably indicate Manchuria's agricultural resources and point to its agricultural future which is slowly being unfolded. Indeed, Manchuria is chiefly an agricultural country and agriculture continues to furnish the backbone of national economy (For detailed descriptions, see Fourth Report, Sections 91–97).

During the period under review, 1934–1935, considerable changes took place in the field of agriculture. The cultivated area increased from 13,650,460 hectares or 14.8 per cent. of the total area and 43.1 per cent. of the total cultivable area in 1932 to 13,940,450 hectares or 15.1 per cent. and 44.0 per cent. respectively in 1935 (For details, see Appendix II, No. 3-a). The crop area in 1932 was 13,414,490 hectares; this decreased to 12,028,590 hectares in 1933, then slightly increased to 12,991,313 hectares in 1934 and 13,228,652 hectares in 1935. The decrease in 1933 was largely due to the confusion following the Manchurian Incident, especially the wide-spread activities of bandits, while the gradual increase in 1934 and 1935 was caused by the return of refugee farmers, the reopening of abandoned farms by means of the increased number of domestic animals, and the rehabilitation of areas flooded in 1933 and 1934. In Chientao, Antung, and Fengtien Provinces, however, a slight decrease was registered, due largely to the lack of spring cultivation funds, the delay in seeding and planting caused by early draught, the abandonment of farms for fear of bandit raids, and the emigration to other parts of the country.

In analysing the distribution of various crops, the decrease in the planting of soya beans is striking, while the increase of wheat, millet, maize, and perilla cultivation is most noteworthy. The increase in the cultivation of wheat in North Manchuria and cotton in South Manchuria clearly indicates the effect of the Government policy of shifting from bean-centric to variegated cultivation and of properly distributing various products according to prevailing conditions. The cotton cultivation received a slight setback in 1935 on account of the scarcity of snow fall during the preceding winter and the continued draught in May and June, both of which caused the farmers to miss the proper seeding time and to shift to other crops.

If we turn to the actual production, the agricultural products in 1932 aggregated 15,319,000 tons, which increased to 18,457,000 tons in 1933, then decreased to 12,935,000 tons in 1934, and again increased to 15,703,000 tons in 1935. The distribution of these figures according to chief crops since 1931 is as follows:

AGRICULTURAL PRODUCTS IN MANCHURIA, 1931–1935
(In 1,000 tons)

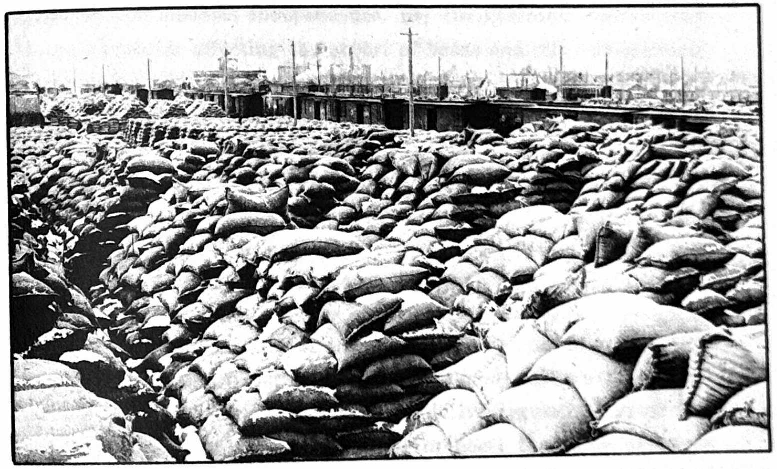
	1931		1932	1933	1934		1935	
Crops	Amount	Index Number	I. N.	I. N.	Amt.	I. N.	Amt.	I. N.
Soya Beans ..	5,227	100	84	99	3,398	65	3,889	74
Other Beans ..	312	100	88	103	277	89	292	93
Kaoliang	4,497	100	82	94	3,469	77	3,970	88
Millet	2,960	100	87	110	2,123	71	3,030	102
Maize	1,706	100	89	109	1,502	88	1,828	107
Wheat	1,580	100	67	90	643	41	947	60
Paddy-field Rice	158	100	72	103	200	126	285	180
Upland Rice ..	162	100	84	91	125	77	137	85
Miscellaneous..	1,851	100	82	98	1,193	64	1,219	71
Total	18,457	100	83	100	12,935	70	15,703	85

(2) *Causes of Decreased Production*

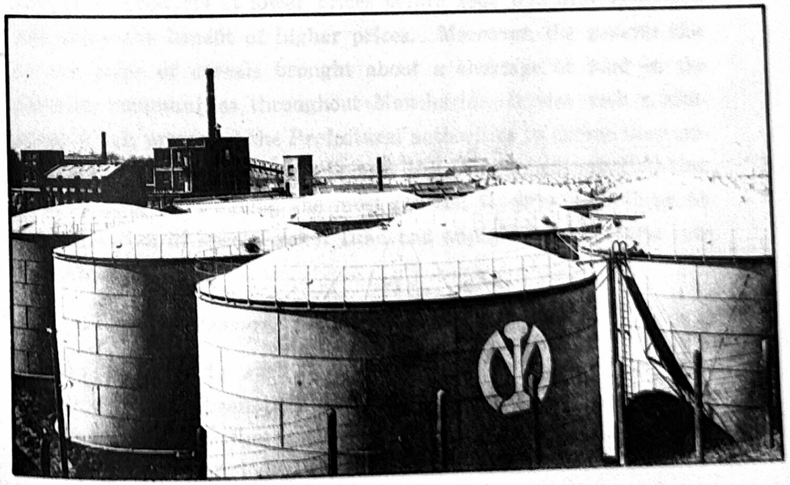
As the above figures clearly indicate, the agriculture in Manchuria had experienced a considerable setback since 1931. There are several involved factors, all of which combined brought about such a result.

Within Manchoukuo, the leading factors may be summarized as follows: (1) repeated floods in North Manchuria, especially widespread in 1933 and 1934; (2) confusion following the Manchurian Incident and continued bandit activities; (3) drop in the price of agricultural products caused chiefly by the rise in the price of silver, but the proportionate highness of freight rates, especially in North Manchuria; (4) Soviet's termination of the eastward movement of freight over the North Manchuria Railway and the consequent contraction of transactions in the lower Sungari districts; (5) rise in the wages of farm labor and lack of farm hands due to the dispersion of population by bandit outrages, the enlistment of youths, and the absorption of labor by extensive railway and other construction activities; (6) practical impotence of *liangchan* or

Gathering Beans to Transportation Centers



The High Season of Bean Transportation



A Bean-oil Mill, Dairen

native wholesale, warehousing, and often banking houses on account of the disruption of financial facilities and credit system, in turn caused by the burden of old loans and diminution of security power; and (7) enforcement of strict taxation system although the rates are being gradually reduced.

To these internal factors must be added the external factors, especially those which are the result of peculiar Sino-Manchoukuo relations. The economic conditions in Manchuria were unmistakably affected by (1) China's anti-Manchoukuo activities, (2) the difficulty of importing capital from South China on account of the exchange control policy and the consequent slacking of dealers in Manchurian agricultural products in South China, (3) the decrease of Sino-Manchoukuo trade following the latter's declaration of both political and customs independence, (4) the unsteady international balance of trade affecting the export of beans and other agricultural products to China and checking the import of cheap goods from China, and (5) limitation of immigration from China. Moreover, the farmers in Manchuria became the indirect victims of (1) the world-wide was of depression and the consequent drop in the price of agricultural products, (2) the emergence of economic nationalism and high-tariff policy throughout the world, and (3) the keen competition for and the consequent difficulty of securing markets.

During the early months of 1935, the prevailing conditions placed the farmers in a peculiarly difficult predicament. The estimated decline of production, the shortage of domestic supplies, and the softening by Germany of her prohibitive regulations governing the importation of beans all tended to boost the price of beans considerably. Unfortunately, however, most of the farmers had sold their products at lower prices before 1934 was over and could not enjoy the benefit of higher prices. Moreover, the general rise in the price of cereals brought about a shortage of food in the farming communities throughout Manchuria. It was such a situation which prompted the Prefectural authorities to decree the stoppage of an outflow of cereals and the Government at Hsinking to distribute food among the most pressed farmers by making an appropriation of special relief fund and appealing for general contributions.

(3) *Measures for Agricultural Improvement*

In addition to such temporary measures, the Manchoukuo Government has been both evolving and developing more permanent measures for the resuscitation of the farming class. Most noteworthy was the further expansion as well as rationalization of the Rural Credit Associations which increased loans from 198,473 yuan in January, 1933, to 1,954,759 yuan in January, 1934, and 6,716,696 yuan in January, 1935 (See below, Appendix II, No. 3).

The systematic improvement of prefectural agricultural associations is another. The Government policy of encouraging the diversification of products instead of consentrating upon beans began to bear fruits, as shown by the increase of wheat production in North Manchuria and the enthusiasm shown for cotton and perilla cultivation in South Manchuria. The Regulations for the Supervision of *Itsang* or Community Storehouses, promulgated in August, 1935, was Government's another good-will measure. Initial steps were also taken for irrigation, drainage, and flood control projects by the promulgation in April, 1935, of a decree of the Department of Industry. The Provisional Industrial Research Bureau which was authorized late in 1934 (See below, Appendix III, No. 4), was instructed to carry on basic studies relating to farming villages and drawing up plans for the solution of farming problems. This Bureau was organized early in 1935 and launched a thorough investigation of various industrial conditions throughout Manchuria. The Government also established agricultural experimental stations at Koshan in 1934 and at Ningan, Chinchou, and Harbin in 1935, as well as several agricultural meteorological stations at various places. The Immigration Section in the Department of Civil Affairs and the Reclamation Section in the Department of Industry were newly created for the purpose of fostering and supervising agricultural settlements.

Outside of the Government, two institutions were launched for the furtherance of agricultural interest. The Manchurian Agricultural Products Institute was established in June, 1935, through the cooperation of the Manchoukuo Government, the South Manchuria Railway Company, and the Kwantung Bureau, as a central clearing organ of exporters and dealers of agricultural products and related organizations. Its purpose is to foster improvement and development of Manchurian agricultural products and proposes to investigate their foreign markets and competitive products, to study and promote the rationalization of their transaction, to investigate and encourage their increased utilization, to publicize them and goods manufactured therefrom, and to gather and give information concerning them. The other institution, the Central Institute of Manchurian Agricultural Associations was established in October, 1935, through the initiative of the Manchoukuo Government, the South Manchuria Railway Company, the General Direction of Manchoukuo State Railways, and the Kwantung Bureau for the purpose of correlating Japanese agricultural associations in Manchuria and to foster a healthy development of agricultural economy in Manchuria. It hopes to embrace Manchoukuoan agricultural associations in the future and to make the whole of Manchuria its stage of activities.

Three agricultural experimental stations, eight experimental farms, six seeds farms, and 15 nurseries of the South Manchuria Railway Company continue to contribute much toward the improvement of seeds and crops, the diversification of crops especially by adopting to Manchurian climate and profitably cultivating such products like cotton and tobacco, and the upliftment of farming life in general. The General Direction of Manchoukuo State Railways has also started similar agricultural experimental stations at Hsingcheng in 1934 and at Harbin in 1935. In the field of practical farming, the South Manchuria Railway Company instituted in 1933 an actual management of some 500 acres of rice fields near Tsaohokou on the Mukden-Antung Line. This practical experiment is carried on with a view to discovering the merit or demerit of introducing large-scale, scientific method of agriculture to Manchuria.

It should be noted also that the transfer of the North Manchuria Railway is destined to have a far-reaching result upon the future agricultural development in North Manchuria. The North Manchuria Railway policy of maintaining prohibitively high freight rates hampered the southward movement of agricultural products and played havoc with the South Manchuria Railway Company and General Direction of Manchoukuo State Railway freight movement, thereby affecting the price situation and impeding the smooth transactions. The same policy also obstructed the movement of goods northward, thereby placing the farmers in North Manchuria in a disadvantageous position as consumers facing high prices. These disturbing elements in the agricultural economy of North Manchuria were swept away by the complete readjustment of freight rates following the railway transfer (See above, Section 21).

(4) *Cotton Cultivation in Manchuria*

Cotton is produced almost exclusively in South Manchuria, especially in the districts between Tashihchiao and Liaoyang on the S. M. R. main line and south of Chinchou on the Mukden-Shanhaikuan Line. The S. M. R. experimental stations have been experimenting upon the cultivation of cotton and its adoptation to the Manchurian soil and climate for years, and the Manchoukuo Government has adopted a positive policy in encouraging the farmers to grow cotton. The Manchoukuo cotton cultivation policy thus adopted includes the cultivation of native cotton varieties, the encouragement of the cultivation of the early growing American species in the southern half of the Liaotung Peninsula, and the increasing of the utilization value of the native cotton for spinning medium-sized yarns.

In view of the important bearing which cotton has upon the national economy of both Manchoukuo and Japan, a twenty-year plan was evolved through the Japanese initiation to open up 300,000 cho (about 297,300 hectares) of cotton fields and to produce 150,000,000 kin (about 89,820 metric tons) of cotton in thirty years. As an organ for realizing such a plan and for encouraging the cotton cultivation among the native farmers, the Manchuria Cotton Association was established in April, 1933. Then also, for the purpose of guaranteeing the purchase of cotton and increasing the general welfare of the cotton growers, the Manchuria Cotton Company was established in April, 1934, with a capital of 2,000,000 yen. These two bodies began to operate very much like the two wheels of a cart. The Manchuria Cotton Association organized branches in the seven leading cotton growing Prefectures, stationed experts for the purpose of teaching and encouraging the best methods of cotton cultivation, publicized the best species, supervised the cotton growing unions, and introduced various facilities for the work. Thus, it distributed 350,000 kin of cotton seeds in 1933 and 600,000 kin in 1935. The Manchuria Cotton Company established spinning mills at Chinchou, Tahushan, Liaoyang, and Tashihchiao, opened purchasing offices in the leading cotton centers, and began to buy up cotton at an official price determined by the Government. Seeds obtained at the mills were turned over to the Manchuria Cotton Association for distribution. The Manchoukuo Government established an agricultural experimental station at Chinchou to aid the experimental works.

During 1933 the weather conditions were good and the amount of cotton production was on the whole satisfactory and the cotton growing in Manchuria received a most providential start. In 1934, however, the weather conditions were bad and the progress was slow. According to the estimate of the Manchuria Cotton Association the cotton fields covered 92,870 cho (92,034 hectares) and produced 138,843,608 kin (83,080 metric tons) of cotton in 1934. Both of these figures decreased considerably in 1935, 56,971 cho (56,458 hectares) and 63,516,264 kin (38,034 metric tons) respectively. The causes of this decided decline were all unavoidable: scarcity of snow fall during the previous winter, early draught which prevented the proper seeding, rain late in April enabled the seeding but growth was unsatisfactory and the rainy season which followed produced unnatural growth, and good weather during August and September was followed by sudden cold wave which again adversely affected the riping. In Jehol Province where the weather conditions were extremely favorable, the production actually increased from 118 kin per tan in 1934 to 141 kin per tan in 1935.

Under such circumstances, the twenty-year plan which was drawn up in 1933 was temporarily discontinued in 1936 and a three-year investigation of fundamental conditions was instituted. However, the Manchuria Cotton Association is continuing its policy of increasing the cotton cultivation in Manchuria by distributing 1,400,000 kin of seeds. The Manchuria Cotton Company also faced readjustments in various ways to meet the new situation.

(5) *Problem of Moist Beans*

The Mother Nature was extremely unkind to the farmers in Manchuria during 1934 and 1935, some of which results have been noted already. The problem of "moist beans" was another vexing problem which tremendously affected the staple produce industry in Manchuria.

The 1936 crop year, from October, 1935, to November, 1936, began with a heavy rainfall throughout Manchuria. When the heavy rainfall set in from the middle of October, the harvest season was about to begin and not more than 20 per cent. of the bean crop had been picked, leaving the remainder in the field at the mercy of continued rain. As a result, the soya bean crop this year has a large percentage of water content. Whereas the S. M. R. mixed storage bean of No. 1 and No. 2 grades containing less than 13 per cent. water comprised from 70 to 80 per cent. of the total crop in a normal year, this year such grades comprise only about 20 per cent. Thus arose a vexing problem of moist beans. Manchuria experienced a similar problem in 1921 and 1927, but the 1936 crop year far surpassed those of the previous years in the extent and amount of damages incurred.

Of the total soya bean crop forecast of some 3,889,000 tons, the soya beans equivalent to S. M. R. mixed storage No. 4 grade with 14.1 per cent. or more water content comprise a substantial amount of 1,000,000 tons. Of this latter estimate, easily 70 per cent. comprise beans of 15.1 per cent. or more water content which are not acceptable for the S. M. R. mixed storage. While crop damages from moisture were not so heavy in South Manchuria, they were markedly noteworthy in North Manchuria, especially along the Harbin-Peian and Harbin-Manchouli Lines where the crops with water content as high as 30 to 35 per cent. were reported.

Under such circumstances, the general movement of soya beans was not smooth and the soya bean quotations took a sharp rise. The spot quotation at Dairen rose as high as 6.00 yen per 100 kin on October 22, 1935, the highest in recent years. This situation, coupled with the difficulties in effecting deliveries as a consequence of the shortage of spot beans, forced the Dairen Produce Exchange to close from the afternoon of October 22 till November 1, during which interval the price at which book entries were to be made for spot delivery was fixed at 5.40 yen per 100 kin. On November 12, the afternoon market was closed again at Dairen and also at the Hsinking Produce Exchange for the near delivery and again for one day on November 23. The Harbin Produce Exchange was forced to close on November 24 for similar reasons. To relieve the shortage of No. 1 and No. 2 grade of soya beans, the Dairen Produce Exchange permitted the substitution of No. 3 grade in place of No. 1 and No. 2 grades on October 25. This measure appeared to have relieved the situation for a while but the arrival of moist beans in increasing amounts and the continued drop in their quality tended to impede the transactions and to disorganize the market.

The situation thus became serious and a possible staple produce crisis was feared. Consequently, those who are connected with the agricultural produce industry, under the leadership of the Manchuria Agricultural Products Institute, carefully discussed the question on several occasions. As a result, an arrangement was made to expedite the movement of moist beans and their consumption by the bean-oil mills to whom the water content of beans is not much of a question. The first point was satisfactorily effected through the cooperation of the South Manchuria Railway Company and the General Direction of Manchoukuo State Railways, while the second procedure was helped by the exporters, the South Manchuria Railway Company, and the General Direction of Manchoukuo State Railways through the granting of subsidies. The whole problem of moist beans continue to give an added subject for serious studies to the leaders of the agricultural produce industry.

30 Improvement of Live-Stocks

The Manchurian and Mongolian natives being originally hunting tribes, their chief industry was live-stock farming, especially horse breeding. With the coming of the Chinese, the rich pastoral lands were gradually placed under the plough, particularly in South Manchuria. Yet, today, a shadow of the old pastoral age is visible in Jehol and four Hsingan Provinces where the inhabitants are still devoted to live-stock breeding. The farmers in Manchuria, moreover, generally keep a number of oxen, horses, mules, and donkeys for breeding, farming, and transportation purposes. Sheep and pigs are also extensively raised in Manchuria and Inner Mongolia. All told, the Agricultural Administration Bureau estimated that there were, at the end of 1935, 1,294,868 cattles, 1,818,772 horses, 1,242,310 mules and donkeys, 2,246,897 sheep, and 5,245,249 pigs (For details, see Appendix III, No. 4).

As the native live-stocks are of inferior breed, however, the Manchoukuo Government announced, in its ten year program of economic reconstruction, to execute the following measures for their improvement:

1. The existing breed of horses will be improved upon by introducing Arabs and Anglo-Arabs and other superior strains, as a result of which at least 2,000,000 select heads are to be obtained.
2. Merino will be introduced to improve the existing stock of sheep, and at least 4,000,000 of the present species are to be replaced by the improved variety.
3. Cattle of superior quality will be increased by selecting at least 2,700,000 heads.
4. Hogs will be improved chiefly by introducing Barkshire, and their production will be increased to meet the need of home consumption.
5. A system of live-stock hygiene will be established so as to contribute to the stabilization of the stock raising industry and increase live-stock resources.
6. Pastures will be improved to increase the number of domestic beasts.

This program is now being gradually unfolded. Especially important is the effort exerted toward the improvement of the existing stock of sheep and the increase of wool production.

The most important step taken during the period under review was the adoption by the Departments of Industry and Mongolian Affairs jointly in 1934 of a program to improve and to raise 15,000,000 heads of sheep. As a first step in realizing that end, the Department of Mongolian Affairs established sheep farms at

Hailar and Paichengtzu, each with 500 heads of ewes for breeding in 1935. The Department of Industry also established two sheep farms, one at Chaoyang with 300 heads of ewes in 1935 and another at Chihfeng with 150 heads of Merino and 500 heads of native sheep in 1936. In July, 1935, the Manchoukuo Government also imported from the United States 300 heads of Merino, promulgated the Regulations for Live-Stock Breeding, and made an auspicious start in officially fostering the increase of sheep in Manchuria. Moreover, the Department of Mongolian Affairs imported 3,000 heads of sheep from Chahar for its Sheep Improvement Association and distributed them among natives of West and South Hsingan Provinces.

The South Manchuria Railway Company for years has been conducting experimental stations and has produced many admirable results which actually paved the way for the Manchoukuo Government enterprises. It also pioneered the experiment with sheep farms, one at Heishantun and the other at Tarhan, where there were 1,838 and 2,257 sheep, respectively, at the end of March, 1936, and which have proven extremely satisfactory. In like manner, the General Direction of Manchoukuo State Railways also established three sheep farms, one at Paichengtzu in 1934 and the others at Yangchuantzu and Paichia in 1935, each having 300 heads of ewes and 25 heads of rams for breeding purposes. It also distributed 400 heads of Merino as breeders and 6,000 heads of native sheep through its Railway Offices at Harbin, Tsitsihar, Hsinking, and Mukden. Its records in this work for the past three years are as follows:

GENERAL DIRECTION AND DISTRIBUTION OF SHEEP, 1933–1935

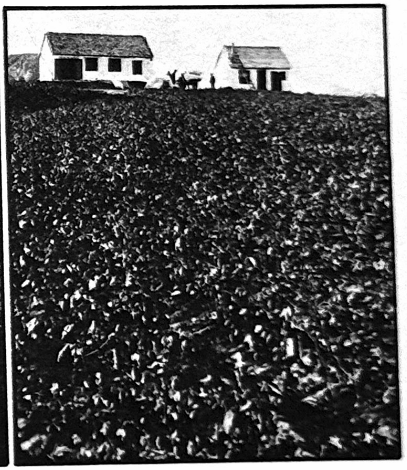
Species	1933	1934	1935	Total
Merino	50	329	400	779
Native Sheep	1,500	1,500	6,000	9,000

In 1934 was established, moreover, the Japan-Manchoukuo Sheep Association (Japanese Government, 1,000,000 yen; South Manchuria Railway Company, 300,000 yen; and Wool Industry Association, 700,000 yen) for the purpose of fostering the wool production in Manchuria. This Association imported 2 heads of Merino and 40 heads of Kolider in 1935 and distributed them among the Japanese settlers in Sankiang Province.

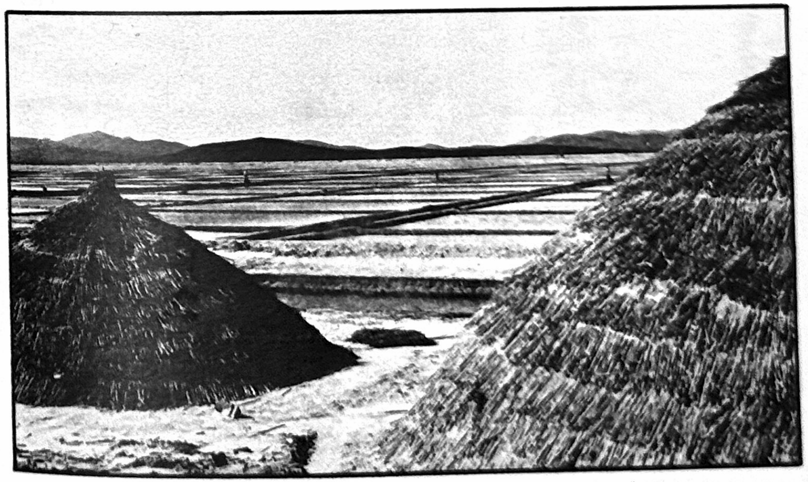
In the improvement and increase of pigs, the Manchoukuo Government launched its policy of distributing pigs for breeding purpose in 1934, while the South Manchuria Railway Company for years has been carrying on various experiments in pig breeding at its Kungchuling Agricultural Experimental Station. The General

The Wool Production in Hsingan Province

The Tobacco Culture in Manchuria



The Cotton Growing in Manchuria



Increasing Areas of Salt Fields in Manchuria

Direction of Manchoukuo State Railways, however, pushed this program more vigorously for the purpose of improving pigs along its railways. During 1934–1935, it established pig farms at Paichengtzu, Shanchengchen, Suihua, Kirin, and Nuerhho. It also distributed 60 heads of Berkshire pigs for breeding purpose in 1933, 440 heads in 1934, and 900 heads in 1935, making a total of 1,400 heads for three years.

For some years the S. M. R. Agricultural Experimental Station at Kungchuling was the only place where systematic experiments in horse breeding was carried on. There the native Manchurian and Mongolian horses have been undergoing experimental breeding through the use of various world-famous breeds. In 1934, the Manchoukuo Government established a stallion farm and began to foster horse breeding. The General Direction followed it in 1935 by establishing another stallion farm near Harbin. The improvement of cattle is also receiving a serious attention.

In the field of veterinary science and animal hygiene, also, the South Manchuria Railway Company had pioneered. Its Veterinary Institute at Mukden, established back in 1925, not only conducts researches in contagious diseases and epidemics which are common among domestic animals, but also manufactures various kinds of sera and prophylactics which are indispensable in the treatment and prevention of such diseases and epidemics. The Manchoukuo Government, through the cooperation of the Departments of Industry and Mongolian Affairs, has also made various disease-preventing preparations and is successfully enforcing inoculations for the purpose of checking the infiltration of various animal diseases. For a similar purpose, the General Direction of Manchoukuo State Railways maintains two veterinary institutes, one at Harbin and the other at Hailar, and four branches, all in North Manchuria.

And thus a new era in the improvement of live-stocks is at last dawning over Manchuria. Much of the foundation of that new era seems to have been laid by the S. M. R. experts who patiently labored for years at the Kungchuling Agricultural Experimental Station.

31 Manchoukuo Mining Regulations

Minerals in Manchuria, though limited in variety, are abundant. According to a survey of the Geological Institute of the South Manchuria Railway Company, "coal, iron, magnesite, dolomite, and talc are most important in quantity of deposit; and second to these are gold, copper, lead, barytes, feldspar, and asbestos." Manchuria is fortunate in having abundant iron and coal, estimated at over 800,000,000 tons and 4,800,000,000 tons respectively, for modern heavy industry and magnesite, estimated at 5,000,000,000 tons, and other metals for the light metal industry. The latter is particularly fortunate, since magnesite when turned into metallic magnesia can be used as an effective substitute for aluminium.

In view of the importance of mining industry in the national economy of the country, the Manchoukuo Government announced in 1933 its general policy governing the exploitation of mineral resources:

1. The control of coal mining by the Government to secure rational exploitation, cheap supply of fuel, development of productive industries, and increase in exports.
2. The formation of a special corporation of semi-official nature for the investigation, management, and exploitation of those mines which are essential to national defence.
3. The division of gold operations into State owned and private enterprises, entrusting the former to special corporations and giving proper guidance and assistance to the latter.

In accordance with this general policy, three special corporations were established during 1934 (See below, Section 36). The Manchuria Petroleum Company was established in February for the purpose of engaging in oil drilling, refining, and sales and allied activities, and since became the back-bone of the oil monopoly policy of the Government. The Manchuria Gold Mining Company was established in April for the purpose of developing the State-owned gold mines and alluvial gold beds in the country. The Company since discovered extremely promising gold deposits in the Chientao and Heiho districts and its future activities are awaited with great expectations. The third of the trio, the Manchuria Coal Mining Company, was established also in April for the purpose of operating and unifying under one management all coal fields in Manchuria other than those operated by the South Manchuria Railway Company. Its Hsinchiu coal fields are believed to provide the Company with another open-cut operation in Manchuria, second only to that at Fushun. Also promising are the Peipiao coal fields which were brought under its control in 1935.

The long-awaited Mining Law, consisting of 105 Articles, was completed by the summer of 1935, being promulgated on August 1 and enforced on September 1 (See Appendix III, No. 7). This Law, which replaced the old Chinese Mining Law of 1930, covered forty enumerated minerals and decreed that "No person other than a subject of Manchoukuo or a juridical person created in accordance with the laws and regulations of Manchoukuo shall become a holder of a mining right," with the exception of "those who have secured special permission from the Minister of Industry" (Article IV). It also stipulated that "In case it is deemed necessary for national defence or preservation of national resources, applications for mining may be restricted by designating the districts or minerals concerned by Imperial Ordinance" (Article IX). All minerals not yet mined were made the State property (Article III). The Regulations Governing Mining Registration, Mining Taxes, and Registration Fees were also promulgated on the same date, becoming effective with the Mining Law. The process of controlling the mining operations in Manchuria was completed by the establishment, by an Imperial Ordinance issued on the same date, of the Manchuria Mining Development Company (See below, Section 36). Its main functions are to acquire mining rights, to refine ores, to finance mining and refining enterprises, and to conduct other allied enterprises.

The above regulations do not affect the various mining rights which the South Manchuria Railway Company possessed before 1934 and the Company continues to operate Fushun and Yentai Collieries and their affiliated enterprises. Its Anshan Iron Works was reorganized as the Showa Steel Works in June, 1933, and, after expanding its equipments, commenced production in 1935 (See below, Section 36). Through the cooperation of the South Manchuria Railway Company, moreover, the Manchuria Lead Mine Company was established in May, 1935, for the purpose of exploiting the promising lead mines at Yangchiachangtzu.

Thus the foundation of future exploitation in the field of mining was carefully laid during 1934 and 1935, and the activities of various special corporations are now being watched with great interest.

32 Development of Forestry Control

Manchuria possesses rich forestry resources. Its aggregate forest area is estimated at about 360,000 square kilometres and the standing timber at about 4,172,000,000 cubic metres, an average of 11,600 cubic metres per square kilometre. This represents almost one-third of the total area of Manchuria. In Japan, the forest area covers about three-fifths of her total area and in the United States about one-fifth.

The lumbering on a large scale, however, is relatively a new enterprise in Manchuria. Under the former military regime, no systematic forestry policy existed and no facilities were given for the protection and improvement of forests and the exploitation of forest resources, often resulting in confusion of titles and rights. With the emergence of Manchoukuo, the forestry industry began to receive a new life. The fundamental policy of the Government aims at the preservation and protection of forest areas by prohibiting reckless felling, encouraging conservation and afforestation, and adopting systematic management. In order to formulate a well-ordered forestry administration, and to adjust the confusing forest land rights on a rational basis, the Government suspended the issuance of forest land rights until 1935.

At first the administration of forests was carried out by the Forestry Administration Section of the Bureaux of Agriculture and Forestry. After March, 1934, this section was elevated to become the Forestry Administration Bureaux of the Department of Industry and was entrusted with matters relating to (1) forests and plains and (2) hunting. As its local machinery of administration, the Government began to establish Forestry Offices in January, 1934, and instituted twenty such Offices by the close of the year and additional three by the end of 1935. Under this system the entire forest areas in Manchoukuo except those in four Hsingan Provinces came under the unified control of the Forestry Administration Bureau, while the forest areas in Hsingan Provinces were taken over by the Department of Mongolian Affairs.

The next step toward the rationalization of forestry administration was taken with the promulgation of the Forestry Titles Readjustment Law in June, 1934. There were some 250 forestry titles involving some 20,277,600 hectares which were granted irresponsibly by the former Provincial Governments and the Forestry Titles Readjustment Law authorized their examination and readjustment. Before the close of 1935, 140 cases within the jurisdiction of the Department of Industry and 11 cases within that of the Department of Mongolian Affairs were examined and readjusted, 100 losing the alleged titles. All disputes arising from these decisions may be appealed to Forestry Title Examination Board whose decision becomes final. This difficult work is thus on the way toward solution at last and the Manchoukuo forestry administration will soon be facing a broad daylight of clear forestry titles.

The third step taken toward the rationalization of forestry administration was the promulgation of the Timber Tax Law in September, 1934. This Law abolished the former double-taxation system by allocating the taxation right to the Department of Finance and the administrative right to the Department of Industry. It not only unified various taxes under one, but also separated the revenue and supervisory phases of the forestry administration, thus eliminating a long-standing abuse of forestry industry in Manchuria.

A careful study of a project to establish a special corporation for the purpose of carrying out the Government policy of forestry control was made during 1934 and 1935, and finally the Tatung Forestry Industry Company, on the basis of an already existing establishment at Kirin, was authorized in October, 1935. Upon further study, however, the Government decided to establish a greater corporation under the name of Manchuria Forestry Industry Company and to incorporate the Tatung Forestry Industry Company thereto. The new Company was established on February 27 and commenced its operation on March 1, 1936. Its authorized capital is 5,000,000 yuan, of which the Manchoukuo Government subscribed 2,500,000 yuan, and its purpose is to cut, transport, and sell lumber within specified Government forestry areas, for the time being in Kirin and Pinkiang Provinces. It took over the offices of the Tatung Forestry Industry Company at Kirin on the date of its establishment.

As to the pulp industry, the Department of Industry has carefully investigated some thirty-four applications and decided in 1935 to licence only four of them, allowing them to work 10,000 tons of pulps during the first year and 15,000 tons of rayon pulps and 5,000 tons of miscellaneous pulps during the second year but eventually amalgamating them into one special corporation (See below, Section 36).

Regarding the actual lumbering enterprises within the State-owned forest areas, the Department of Industry decided to designate a certain area in 1936, and to allow lumbering only within such an area, thereby preventing reckless and unsystematic felling of trees and also allowing concentrated measures for protection against any emergency bandit attacks. The output is expected to be limited to 5,000,000 koku under this completely supervised system. The total output of lumber aggregated 5,466,000 koku in 1934.

In the meanwhile, the Provisional Industrial Research Bureau will investigate (1) the amount of forestry resources by land and air and (2) the supply and demand of various forestry products. These are the first scientific investigations to be made and the results are awaited with keen interest.

33 Fishery in Manchuria

Although the coast line of Manchuria from the north of the Yalu River on the east to Shanhaikuan on the west extends 976 miles and the Liaotung Peninsula cuts into the Yellow Sea and the Gulf of Pechihli, fishing had not developed into commercial scale until Japanese came to South Manchuria. Since the advent of the Japanese administration in the Kwantung Leased Territory, the industry has been fostered gradually, especially with the introduction of improved appliances. It is, however, still very young and the whole industry is not regarded as important.

The fishing population in the Kwantung Leased Territory is about 23,000 natives and 450 Japanese and the annual catch in 1934 aggregated 43,921 tons valued at 5,016,444 yen. The amount of catch by the Japanese fishermen alone totaled 23,376 tons valued at 3,055,786 yen in 1934 and 22,120 tons valued at 3,205,325 yen in 1935. The following are the figures since 1931:

FISHERY IN KWANTUNG LEASED TERRITORY, 1931–1935

Years		Amount of Catch in Ton	Value in Yen
1931	....	35,021	3,150,750
1932	....	41,893	4,104,249
1933	....	46,812	4,272,881
1934	....	43,932	5,016,444
* 1935	....	26,591	3,205,325

* Japanese only.

The latest figures relating to the fishery industry outside of the Kwantung Leased Territory can not be obtained, but the annual production is estimated to be worth about 4 million yuan. According to the Marine Products Bureau of the Manchoukuo Government, some 8,800 fishermen caught an aggregate of 10,000 tons in 1935.

The fresh-water fishery in Manchuria can not be overlooked. A large number of natives work all the rivers, notably the Liao and the Yalu in South Manchuria and the lower reaches of the Sungari and the Amur in North Manchuria. The annual catch in these rivers is estimated at as much as 3 million yuan in value.

Manchoukuo is not primarily a fishing country but the Government is paying a serious attention to the development of various marine products. Thus, the Marine Products Bureau at Yingkou was reorganized in 1934 and the Marine Products Experimental Station was established at Harbin in 1935. The development of marine resources in Manchoukuo outside of salt, therefore, still belongs to the future.

The "Iansen" or Carnival Boat on the Sungari River

The "Iansha" or Carnival Train of the General Direction

The Festival of "Niang-niang" at Meichenshan, Tashihchiao

34 Expansion of Salt Manufacture

The manufacture of salt is one of the three important industries in Manchuria. All along the sea coast of Fengtien Province, especially the districts around Newchuang, Kaiping, and Fuhsien, all facing the Gulf of Pechihli, and the coast around the Kwantung Leased Territory are noted for this industry.

Because the salt revenue constitutes an important source of its national income, the Manchoukuo Government, in cooperation with the Kwantung Government, is studying the ways and means of augmenting the production of salt along its shores but its final program has not yet been formulated beyond the strengthening of the salt administration. Meanwhile, the most important salt fields which produce salt for Manchoukuo are the Liaotungyeni and the Liaohsiyeni. The area of these and other salt fields was estimated at the end of 1935 at about 14,560 hectares, producing some 395,518 tons of salt during 1935 or about 27 tons per hectare. In addition, in the district toward the southwest of Hailar are several salt lakes, such as the Dalainor and the Bornor, and these add to the total salt production by about 1,200 tons a year. An extensive deposit of rock salts was recently discovered in Lungkiang Province.

The salt manufacture in the Kwantung Leased Territory was at one time extensively conducted but maladministration and warfare caused the industry to wane. It was revived under the Japanese regime and has made a steady development since. At the end of 1935 the salt fields within the Kwantung Leased Territory totaled 8,575 hectares, of which almost 1,200 hectares were the new fields opened during 1934–35. The record year in production was reached in 1935 when the total production amounted to 504,800 tons or more than double the average annual production.

A. AREA OF SALT FIELDS IN MANCHURIA
(In Hectares)

Years	Kwantung Leased Territory			Manchoukuo	Total
	Japanese Management	Manchurian Management	Total		
1930	5,657	1,285	6,942	—	—
1931	5,984	958	6,942	—	—
1932	5,977	952	6,929	—	—
1933	5,977	952	6,929	7,896	14,825
1934	6,181	836	7,017	9,522	16,539
1935	7,115	860	8,575	14,560	23,135

B. SALT PRODUCTION IN MANCHURIA
(In Metric tons)

Years	Kwantung Leased Territory	Manchoukuo	Total
1930	242,741	269,632	512,373

Years	Kwantung Leased Territory	Manchoukuo	Total
1931	204,823	199,986	404,809
1932	224,674	221,608	446,282
1933	290,589	315,761	606,350
1934	243,381	161,944	405,325
1935	504,800	395,518	900,318

The most significant point in connection with the salt industry during 1934–36 has been the sudden expansion of the industry in the Kwantung Leased Territory. During 1934 some 204 hectares of new salt fields were added, but the year 1935 saw an addition of no less than 934 hectares of new fields. Further expansion is promised with the launching of the Manchuria Salt Industry Company.

The organization of the Manchuria Salt Industry Company has been receiving a careful study and a special survey of conditions was made in 1934 and various plans were evolved by several interested organizations. As a result of conferences between the representatives of various Government Departments at Tokyo and of the Manchoukuo Government, an agreement was finally reached early in 1936 and the Company was established in April as a Japan-Manchoukuo joint corporation with an authorized capital of 5,000,000 yen. The Manchoukuo Government subscribed 1,250,000 yen, the South Manchuria Railway Company 1,000,000 yen, the Nippon Salt Industry Company 1,600,000 yen, and five other Japanese corporations the remainder. The Company began its operation on May 1, 1936, and plans to improve 1,400 hectares and 2,200 hectares of salt fields respectively during the first and second periods of four years each. These improvements will cost 4,312,000 yen. At first the production will be limited to 15,000 tons of salt and various by-products of salt a year (See below, Section 36).

The salt industry in Manchuria saw two other interesting developments during the years under review. One was the perfection of the freezing methods of salt manufacture which were successfully accomplished by the Kwantung Salt Experimental Station. During 1935, four freezing methods were perfected. These methods will help to institute the salt manufacture during the winter season and are believed to increase the total production by at least 20 per cent.

The other was the stimulus which the Italo-Ethiopian crisis gave to the industry in Manchuria. Due largely to the phenomenal growth of chemical industry in Japan, the projected import of salt in 1935 amounted to some 1,300,000 tons. Of this amount, Japan hoped to secure 200,000 tons each from the Kwantung Leased Territory and Tsingtao and 100,000 tons each from Manchoukuo and Taiwan. Of the remaining 700,000 tons some 300,000 tons were to

be imported from East Africa, especially Eritrea and Italian Somaliland. The Italo-Ethiopian crisis almost completely cut the supply from those sections. The emergency gap was fortunately filled by the almost doubled production in the Kwantung Leased Territory. This experience gave a new outlook into the salt industry in Manchuria.

VI INDUSTRIAL EXPANSION

35 Manchoukuo Policy of Industrial Control

The Manchurian Incident of 1931 signalized the opening up of an unprecedented industrial era in Manchuria by releasing the suppressed energies for Industrial expansion. The overthrow of the military dictatorship and the consequent establishment of Manchoukuo meant a complete shift from the famed squeeze system and irrational exploitation of natural resources to the controlled economy and rational development of those resources. This shift in the national economic policy was clearly enunciated by the new Government in its "General Outline of the Economic Construction Program of Manchoukuo" which was announced on March 1, 1933.

The fundamental policy of the new economic construction program was to avoid the baneful effects of unbridled capitalism and to utilize the fruits of capitalism through the application of a certain measure of national control so that a sound development in all branches of the people's economy may be realized. In line with such general idea, it defined a four-fold national economic policy as follows:

> "Firstly, the interests of the people as a whole will be made the keynote and efforts will be made to prevent any exclusive class of people from monopolizing the benefits of the exploitation of natural resources and the development of industries, and to enable all to enjoy such benefits.
>
> "Secondly, in order to develop all natural resources most effectively and to secure a coordinated development of every branch of economy, national control will be exerted on important economic activities and measures for their rationalization devised.
>
> "Thirdly, in the work of unlocking resources and encouraging industries, the principle of the open door and equal opportunity will be observed. In the spirit of this principle, capital investments from various parts of the world will be invited, while appropriate and effectual use will be made of the technical skill and experience and other essence of civilization, taken from advanced nations.
>
> "Finally, with a view to harmonizing and rationalizing economic relations among Eastern Asiatic countries, and in view of the close economic inter-dependence between Japan and this country, emphasis will be placed upon securing cooperation between the two nations, and thereby rendering more intimate relationship of mutual assistance."

The "General Outline" then defined the limits within the scope of which the Government sought to control its national economy. It proposed the "official management by special companies" for "those enterprises which are important from the standpoint of national defence or which are in the nature of public utility or public benefit" and the "free management of private persons" for those "industries

and resources not included within the above category," however effecting proper and necessary adjustment in the spheres of both production and consumption in order to promote national happiness and welfare as well as to maintain the livelihood of the people.

This general policy was to be applied most significantly in the development of mining and manufacturing industries. In the field of mining, it promised unification of various coal mines and rationalization of production and supply, assignment to special corporations of the mining rights of mineral resources essential for national defence, and classification of alluvial gold and gold mines into State-owned and private-owned, the latter being opened to public exploitation. In the field of manufacturing industries, the group which required the development "by degrees under necessary control according to domestic demands" included metallic industry, machine manufacture, oil milling, pulp industry, soda manufacture, alcohol manufacture, tussah silk industry, spinning industry, flour milling, cement manufacture, and brewing and distilling industry. Other industries were to be left in the sphere of free development, the Government reserving the right to introduce national control "whenever necessity arises." Moreover, the electrical industries were to be placed under unified management in order to provide the country with a sufficient supply of power at low cost. It also announced the contemplated establishment of "industrial districts" in Mukden, Antung, Harbin, and the vicinity of Kirin "in order to stimulate a healthy development of industries and to secure the benefits of concentrated establishments."

The fundamental policy of national control thus outlined was further clarified before the close of 1933. Various mining and manufacturing industries were to be divided into three general categories in accordance with the degree of national control necessitated. The first group was placed under the official or semi-official management or special corporations and included (1) gold mining in the State-owned mines, (2) mining of mineral resources essential for national defence, (3) light-metallic industry, (4) iron and steel works, (5) shale oil industry, (6) electric industry, (7) explosive industry, (8) opium and coccain industry, and (9) weights and measures industry. The second group comprised those industries which necessitated special Government permits for operation and included (1) wool and cotton industries, (2) gold mining outside of the State-owned mines, (3) coal and other mining not included in the first group, (4) oil refining industry, (5) gas industry, (6) automobile industry, (7) sulphuric ammonia industry, (8) alcohol industry, (9) soda industry, and (10) tobacco industry. The third group which was left to the free enterprise included all others such as (1) industries growing out of agricultural and live-stock products, (2) lumbering, (3) pulp and paper manufacturing, (4) sugar refining, (5) flour milling, (6) brewing, (7) food products, (8) oil milling, (9) cement industry (subject to the control of production), (10) textile industry, (11) dying industry, (12) tanning industry, (13) general drug manufacturing, (14) machine industry, and (15) ceramic industry.

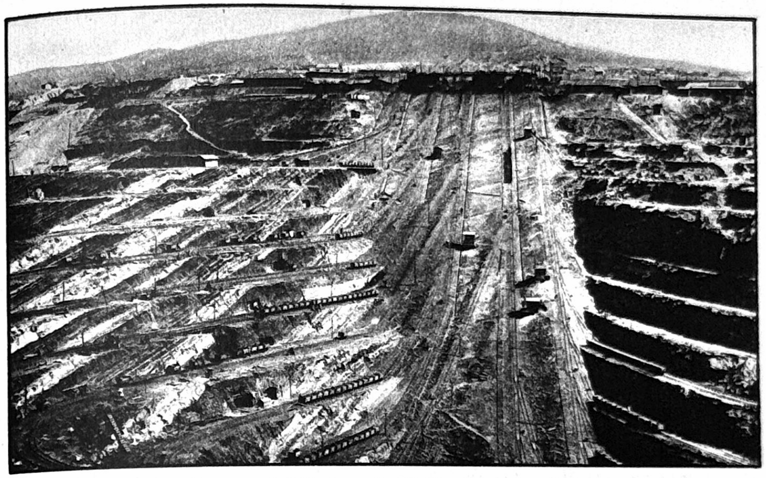
It is with such a basic policy of national economic control that Manchuria has been witnessing a phenomenal industrial expansion since 1933.

36 Development of Industrial Control

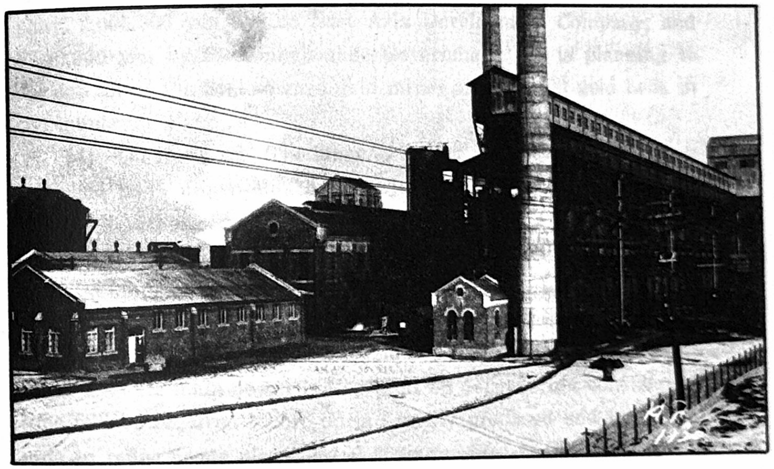
The most significant trend in the industrial development in Manchuria during 1932–36 has been the rise of industries under the general policy of controlled national economy as above outlined. Outstanding developments within the spheres of the first and second groups during 1932–36 may be noted here in their general outline.

(1) *Steel Industry.* Looking forward to the production of iron and steel under one management, the Showa Steel Works was established at Anshan, upon the foundation of the existing equipment of the Anshan Iron Works, on June 1, 1933, and commenced production in 1935. Its authorized capital is 100,000,000 yen provided entirely by the South Manchuria Railway Company. Its first stage plans involve the production of 450,000 tons of pig iron and 400,000 tons of steel materials a year. In addition to the original iron mines at Anshan, it has also purchased the iron mines at Kungchangling. It is reported that the Showa Steel Works will eventually incorporate the Penhsihu Colliery and Iron Works now under the management of the Okura Company and unify the production of iron and steel in Manchuria.

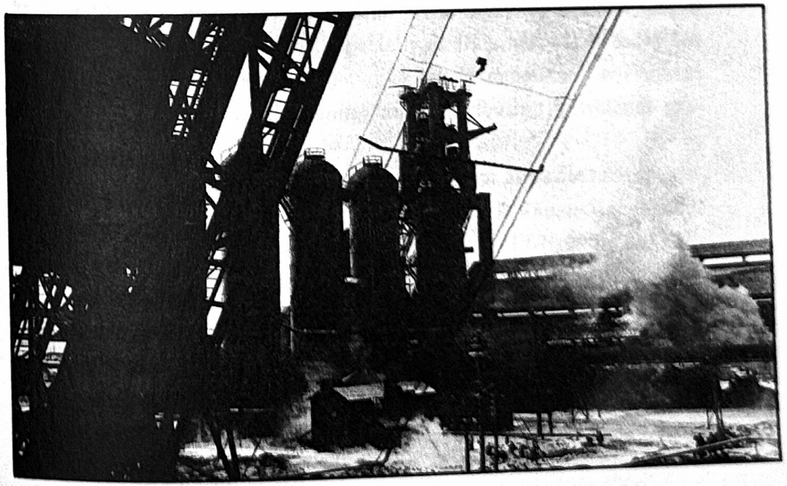
(2) *Coal Mining.* Before 1932, the Fushun and Yentai Collieries of the South Manchuria Railway Company and the Penhsihu Colliery of the Okura Company were the leading coal-producing concerns in Manchuria. For the operation of the other promising coal fields in Manchuria under the new national policy of control, the Manchuria Coal Mining Company was established in April, 1934. It is a Japan-Manchoukuo joint corporation with an authorized capital of 16,000,000 yen. Of this capital, the South Manchuria Railway Company provided 8,000,000 yen (3,000,000 yen in cash and 5,000,000 in mine properties), the Manchoukuo Government 6,800,000 yen in



The Open-cut Mining, S. M. R. Fushun Collieries



The S. M. R. Shale Oil Plant, Fushun



The Showa Steel Works, Anshan

properties, and the Central Bank of Manchou the remaining 1,200,000 yen also in properties. Its coal fields comprise the leading coal mines of the country such as Fuchou, Pataokou, Weimingshan, Foushin, and Hsinchiu and the special coal fields such as Peipiao, Hsian, and Hualikang. It plans to buy up smaller coal fields eventually and thus unify under one management the coal production in Manchuria except those under the management of the South Manchuria Railway Company and the Okura Company. Its Hsinchiu coal fields are believed to provide the Company with the second great open-cut operation in Manchuria.

(3) *Gold Mining.* The Manchuria Gold Mining Company was established in May, 1934. It is a Japan-Manchoukuo joint corporation with an authorized capital of 12,000,000 yen. Of this capital, 5,000,000 yen were furnished by the South Manchuria Railway Company, 2,000,000 yen by the East Asia Development Company, and 5,000,000 yen by the Manchoukuo Government. It is planning to develop all of the State-owned gold mines and alluvial gold beds in the country.

(4) *Oil Refining.* The Manchuria Petroleum Company was established as a Japan-Manchoukuo joint corporation in February, 1934. Its authorized capital is 5,000,000 yen, furnished by the Manchoukuo Government, the South Manchuria Railway Company, the Mitsui Company, the Mitsubishi Company, the Nippon Petroleum Company, and the Ogura Petroleum Company. It was established for the purpose of engaging in oil drilling, refining, sales, and allied activities. Its main object is to exploit oil deposits but considerable time will be required before oil is actually produced and it is planning to refine crude oil imported from foreign countries. For this latter purpose, the Company has already established a refinery at Kanseishi across the Bay from Dairen. The Company is also engaged in the production of crude oil, especially at Dalainor. It is today the back-bone of the oil monopoly policy of the Manchoukuo Government and the central organ of refining and distributing petroleum products in Manchuria.

(5) *Alcohol Industry.* The Daido Alcohol Manufacturing Company was established in November, 1933, as a Japan-Manchoukuo joint enterprise with an authorized capital of 1,670,000 yen. The foundation of the Company was Mr. Hsu Peng-chih's private enterprise in North Manchuria which was bought up by the new Company. The chief interest in the new Company is held by the East Asia Development Company but Mr. Hsu continues to serve as its President. It aims to expedite the nationalization of fuel pro-

duction, to produce alcohol and allied products, and to improve agricultural industry. At present it has three factories in Harbin and Imienpo and plans to absorb lesser organizations in North Manchuria. Already six small companies went out of business as a result of its organization. It is carrying on researches for the improvement of the industry, notably the further perfection of alcoline and the production of waterless alcohol. The South Manchuria Alcohol Manufacturing Company is now under contemplation for the purpose of unifying and controlling the market in South Manchuria.

(6) *Shale Oil Industry.* The shale oil industry was perfected by the experts of the South Manchuria Railway Company as a part of its Fushun Collieries. The doubling of the production was completed in 1935 and some 80,000 tons of crude oil will be produced from 1936. In 1935, it produced some 65,000 tons of crude oil, 20,000 tons of crude paraffin, 5,000 tons of cokes, 22,000 tons of sulphuric ammonia, and 16,000 tons of benzine. The crude paraffin is taken to the Nippon Paraffin Refining Company's plant at Tokuyama, the S. M. R. subsidiary, and refined.

(7) *Liquefaction of Coal.* The Central Laboratory of the South Manchuria Railway Company has succeeded in perfecting a process for the liquefaction of coal and the Company has decided, in May, 1936, to establish a liquefaction plant at Fushun. The plans are now being perfected for the beginning of the enterprise in the near future.

(8) *Magnesium Industry.* The Japan-Manchoukuo Magnesium Company was established in October, 1933. Its authorized capital is 7,000,000 yen of which the South Manchuria Railway Company furnished one-half. The other large shareholders are the Chemical Research Institute and the Sumitomo Company, while the Mitsubishi Aircraft Works, the Furukawa Electric Works, and the Okinoyama Coal Mines Company also are the participants. It has bought up the magnesium plant of the Chemical Research Institute at Naoyetsu, established a new plant at Ube in Yamaguchi Prefecture, and plans to exploit magnesite mines in the district around Tashihchiao. The above two plants together have a capacity to produce some 500 tons a year.

(9) *Aluminum Industry.* Owing to the existence of an abundant supply of aluminum shale at Fuchou, Chinchou, Yentai, Penhsihu, and other parts, the South Manchuria Railway Company has established an experimental plant at Fushun for the purpose of conducting experiments in aluminum production. The establishment of the Manchuria Aluminum Industry Company capitalized at 30,000,000 yen, is now under consideration. The Japan-Manchoukuo Aluminum Company was established in October, 1933, for a similar purpose.

(10) *Machinery Industry.* The Railway Workshops of the South Manchuria Railway Company at Dairen is the largest plant in this field. There were also the Dairen Machine Manufacturing Company and the Dock Shop of the Dairen Kisen Kaisha. The enforcement of the new national policy of control saw the establishment of two new corporations. The one is the Dowa Automobile Manufacturing Company which was established in March, 1934. Of its authorized capital of 6,200,000 yen, the South Manchuria Railway Company subscribed 3,800,000 yen, the Manchoukuo Government 200,000 yen, and six companies in Japan the remainder. One of its chief aims is to distribute in Manchuria the automobiles manufactured in Japan and an assembly plant was established at Mukden, producing some 1,000 automobiles during 1935. The other is the Manchuria Arsenal Corporation which was established in May, 1934, with the equipments of the former Mukden Arsenal as its foundation. It is capitalized at 1,500,000 yen and aims to manufacture machines of all kinds, to manufacture and repair railway equipments, and to produce cast iron products.

(11) *Ammonium Sulphate Industry.* The only organization which produced ammonium sulphate in Manchuria was the Fushun Shale Oil Plant of the South Manchuria Railway Company and the amount of production was negligible. Thus was established the Manchuria Chemical Industry Company in May, 1933. Of its authorized capital of 25,000,000 yen, the South Manchuria Railway Company furnished one-half and other interested firms in Japan the remainder. Its great plants at Kanseishi, across the Bay from Dairen, were completed in March, 1935, and can produce 200,000 tons of ammonia sulphate, 250,000 tons of sulphuric acid, and varying amounts of allied by-products a year. The production will be gradually increased.

(12) *Soda Industry.* With an abundance of electric power and salt and an increasing demand for soda, the plans for the establishment of the Manchuria Soda Company have been progressing for some time. The Company was finally established in May, 1936. Its authorized capital is 8,000,000 yen, of which the South Manchuria Railway Company furnished 2,000,000 yen, the Manchuria Chemical Industry Company 2,000,000 yen, the Asahi Glass Company 2,600,000 yen, and the Shoko Glass Company 1,400,000 yen.

Its plants will be established at Kanseishi and will produce 36,000 tons of soda a year.

(13) *Rayon Pulp Industry.* The Government of Manchoukuo has authorized four Japanese corporations in this field. They are the East Manchuria Rayon Pulp Company with an authorized capital of 15,000,000 yen, the Manchuria Pulp Industry Company with an authorized capital of 10,000,000 yen, the Japan-Manchoukuo Pulp Company with an authorized capital of 5,000,000 yen, and the Manchuria Pulp Company with an authorized capital of 20,000,000 yen. These Companies were all established in 1934. A lone Japan-Manchoukuo joint enterprise is the Manchuria-Mongolia Chemical Fibre Industry Company which established in 1933 with an authorized capital of 5,000,000 yen, 80 per cent. Japanese and 20 per cent. Manchurian. The Manchoukuo Government is reported to be planning to amalgamate them and to establish one corporation to control the pulp industry in Manchoukuo.

(14) *Oil Milling Industry.* There are no less than 3,000 bean-oil mills in Manchuria. The latest comer to this field is the Manchuria Soya Bean Industry Company which was established in 1934 with an authorized capital of 1,500,000 yen, of which the South Manchuria Railway Company furnished one-half and the Mitsui, Mitsubishi, Honen Oil Milling, and Nisshin Oil Manufacturing Companies the remainder. Its main object is to foster various phases of bean industry, especially the bean-oil milling.

(15) *Explosive Industry.* The Government of Manchoukuo is planning to control the manufacture, sales, and importation of explosives under its Monopoly Bureau and make them government enterprise. In consequence a special corporation is now being planned to take charge of the industry. Meanwhile, several small explosive manufacturing works are operating in Manchuria, mainly for the purpose of supplying the needs of the South Manchuria Railway Company.

(16) *Electric Power Industry.* The Manchuria Electric Industry Company was established in November, 1934. It is a Japan-Manchoukuo joint corporation with an authorized capital of 90,000,000 yen. This Company was established for the purpose of supplying electric light and power, to conduct affiliated enterprises, and to invest in allied enterprises. It aims to amalgamate all Japanese and Manchurian electric companies now operating in Manchuria and to effect a complete control and unification of the industry. That process of unification is now proceeding. It will also unify the electric power in Manchuria on the 50-cycle basis

and spread the electrification movement throughout Manchuria.

(17) *Weights and Measures Industry.* Under the new weights and Measures Law of January, 1934, the Manchoukuo Government has adopted the metric system for the country, thus unifying varying systems in vogue in Manchuria for years. As a consequence, the scales and measures were made a Government monopoly and their manufacture was entrusted to the Manchuria Weights and Measures Manufacturing Company. The Company was established with an authorized capital of 1,500,000 yen. The precision scales and measures are to be manufactured by the Manchuria Arsenal Works at Mukden.

(18) *Mining.* The Manchuria Mining Development Company was established in August, 1935. It is a special Japan-Manchoukuo joint corporation with an authorized capital of 5,000,000 yen, of which the Manchoukuo Government and the South Manchuria Railway Company each furnished 2,500,000 yen Its main purposes are to acquire mining rights, to refine ores, to invest in and to finance mining and refining enterprises, and to conduct such allied enterprises as will be granted by the Manchoukuo Department of Industries in the future.

(19) *Salt Manufacture.* The Manchuria Salt Industry Company was established in April, 1936. It is a special Manchoukuo corporation with an authorized capital of 5,000,000 yen of which the leading subscribers are the Manchoukuo Government and the Japan Salt Industry Company, 1,250,000 yen and 1,600,000 yen respectively. The South Manchuria Railway Company furnished 1,000,000 yen. It was established for the purpose of exploiting and developing salt fields in Manchoukuo and of controlling the exportation of salt. It began its operations on May 1, 1936, with a view to exploiting 3,600 hectares of salt fields at Lapotzu and Wanghaitien in Fuhsien Prefecture within eight years and eventually producing 150,000 tons of salt annually. It also plans to produce additional 123,000 tons annually by improving the existing salt fields not belonging to the Company (See above, Section 34).

(20) *Forestry.* The Manchuria Forestry Industry Company was established on February 27, 1936, and commenced operations on March 1, 1936. It is a special Japan-Manchoukuo joint corporation with an authorized capital of 5,000,000 yuan of which the Manchoukuo Government subscribed 2,500,000 yuan. Its purpose is to exploit forestry industry chiefly within the Government foresty areas. At first it will confine its activities to cutting, trans-

porting, and selling lumber within specified areas in Kirin and Pinkiang Provinces. It amalgamated the Tatung Forestry Industry Company and took over the offices of the latter at Kirin at the time of the establishment (See above, Section 32).

In addition to the above, four other official or semi-official corporations which had been established since 1932 and to which references were made already are the Central Bank of Manchou (See above, Section 9), the Manchuria Telephone and Telegraph Company (See above, Section 28), the Manchuria Air Transport Company (See above, Section 26), and the Manchuria Cotton Company (See above, Section 29). With all of these enterprises having been established or now being established, the basic plans for the national control of industries had been practically completed. Manchuria now faces the second stage of its industrial expansion, namely, the development of its natural resources under the general policy of national control by the special and other corporations which had been thus established for that purpose.

37 General Industrial Expansion

The general industrial expansion between 1932–35 has been phenomenal and no less than 365 corporations, all capitalized above 100,000 yen, had been established. The following diagrams clearly indicate the general picture of this phenomenal industrial expansion.

New Corporations Founded During 1932–1935

A. CLASSIFICATION BY NATIONALITIES

	No.	Sources of Investment	No.	Authorized Capital in Yen	Paid-up Capital in Yen
Japanese Corporations...	262	A. Re–S.M.R.	19	374,765,000	237,665,000
		B. Others	243	369,403,000	154,234,500
Manchoukuo Corporations	103	A. Re–S.M.R.	18	285,600,000	252,187,500
		B. Others	85	123,900,000	79,455,000
Total	365	A. Re–S.M.R.	37	660,365,000	489,852,500
		B. Others	328	493,303,000	233,689,500
		Total	365	1,153,668,000	723,542,000

B. CLASSIFICATION BY TYPES

Types	No.	Authorized Capital in Yen	% of Total	Paid-up Capital in Yen	% of Total
Special Corporations...	21	438,100,000	37.97	331,037,500	45.75
Common Corporations..	344	715,568,000	62.03	392,504,500	54.25
Total	365	1,153,668,000	100.00	723,542,000	100.00

C. CLASSIFICATION BY INDUSTRIES

Industries	No.	Authorized Capital in Yen	% of Total	Paid-up Capital in Yen	% of Total
Banking, Finance	34	175,290,000	15	82,957,500	11
Exchange	8	6,600,000	1	3,050,000	1
Commercial	82	21,780,000	2	12,860,000	2
Mining	19	75,300,000	7	55,137,500	8
Steel, Machinery	27	260,400,000	23	166,575,000	23
Light Metal	4	24,000,000	2	6,700,000	1
Chemical	14	73,850,000	6	36,125,000	5
Paper, Pulp	6	51,550,000	4	14,050,000	2
Cement	10	36,500,000	3	16,375,000	2
Sugar, Flour	9	11,600,000	1	9,175,000	1
Brewery, Ice	20	23,240,000	2	13,989,000	2
Textile, Fibre	10	19,150,000	2	8,150,000	1
Bean Industry	1	1,500,000	—	1,500,000	—
Farming, Live Stock, Colonization, Salt	13	21,600,000	2	12,150,000	2
Transportation, Communication	41	125,130,000	11	77,820,000	11
Real Estate	24	23,090,000	2	17,497,500	2
Electrical	20	187,080,000	16	184,180,000	25
Miscellaneous	23	16,008,000	1	5,250,500	1
Total	365	1,153,668,000	100	723,542,000	100

Of these 365 new corporations established, five, representing a total authorized capital of 4,500,000 yen and a total paid-up capital of 2,250,000 yen, had been disbanded before the end of 1935.

38 Progress in Manufacturing Industries

Before the introduction of railways, there was hardly any modern manufacturing industry in Manchuria. In North Manchuria, the Russians first introduced the railway, followed by modern manufacturing methods such as flour-milling, brewery, sugar-refining, and lumber-dressing. Similarly it was the Japanese who opened up South Manchuria industrially, by providing an efficient system of transportation and giving stimulus to various industries through the activities of the Central Laboratory, Geological Institute, Agricultural Experimental Stations, Model Farms, Economic Research Committee, and other similar institutions, all founded and operated by the South Manchuria Railway Company. The Manchurians, stimulated by such foreign enterprises, have made a certain degree of progress in industry. Especially noteworthy has been the expansion of manufacturing industries after the establishment of Manchoukuo (See below, Appendix III, No. 8).

According to the statistical returns of the Kwantung Bureau, the industrial progress made during the past thirty years within the Japanese governed areas in Manchuria has been amazingly rapid. In 1909, there were only 152 factories, representing an investment of 16 million yen and an annual production of 6 million yen; in 1929, these figures increased to 789 factories, with a total capital investment of over 300 million yen and an annual production of nearly 127 million yen. After the establishment of Manchoukuo, these figures made further jump and the close of 1932 saw 1,308 factories, representing an investment of 171 million yen and an annual production of over 173 million yen, while the close of 1934 found 1,244 factories with a total investment of 230 million yen and an annual production of 260 million yen. The decrease in the number of factories in 1933 is due to the change in the basis of computation (For details, see Appendix II, No. 8). The following tables give a complete picture of development between 1932 and 1934:

A. INCREASE OF FACTORIES BY YEARS, 1932–1934
(Unit: Yen)

Years	Factories	Investments	Production
1932	1,308	171,191,901	173,673,014
1933	1,001	168,529,373	196,362,262
1934	1,244	230,080,466	260,827,310

B. FACTORIES BY INDUSTRIES, 1933–1934
(Unit: Yen)

	1933		1934	
Industries	Investments	Productions	Investments	Productions
Textile	13,877,409	23,312,501	19,419,335	26,391,299
Metallic	2,804,219	4,561,101	76,445,320	19,292,712
Machinery ...	19,908,429	22,550,802	15,534,770	28,612,806
Bean Oil	17,403,422	10,569,446	19,064,192	15,690,428
Chemical	42,916,177	74,005,505	39,088,829	81,979,227
Lumber	4,422,389	10,947,569	5,132,600	13,370,956
Printing	5,603,907	4,126,011	2,561,420	5,924,750
Food	32,764,795	28,862,754	24,124,180	34,969,761
Gas & Electric.	21,471,600	5,813,022	21,576,480	10,511,146
Miscellaneous..	7,357,016	11,613,551	7,133,340	24,084,295
Total	168,529,373	196,362,262	230,080,466	260,827,310

Figures for the whole of Manchuria are not available, but an estimate at the end of 1932 gave the existence of 4,079 factories with a total investment of 242 million yen and a total annual production of 324 million yen.

Dairen is still the largest manufacturing center in South Manchuria, while Harbin is the chief center in North Manchuria. The former is the center of bean-oil industry in particular and the latter of flour and liquor production. Mukden is rapidly becoming the native manufacturing center of Manchuria today.

39 Japan-Manchoukuo Economic Cooperation

The detailed economic construction program of Manchoukuo which was promulgated on March 1, 1933, specifically avowed the encouragement of cooperation between Japan and Manchoukuo as the fourth basic policy of the Manchoukuo Government (See above, Section 35). It is in line with this policy of cooperation that Japan has been and still is assisting Manchoukuo to the fullest extent in unfolding the latter's economic construction program. The result became generally known as the Japan-Manchoukuo Economic Block.

The Japan-Manchoukuo Economic Block thus initiated assumed various forms. It was most evident in the industrial field, resulting in the organization of corporations relating to basic industries such as Manchuria Chemical Industry, Manchuria Petroleum, Showa Steel, Japan-Manchuria Aluminum, Japan-Manchuria Magnesium, Japan-Manchuria Flour, Manchuria Mining Development, Manchuria Coal Mining, Manchuria Gold Mining, Manchuria Electric Industry, Manchuria Salt Industry, Manchuria Forestry Industry, and many others, eventually embracing all of the most important basic industries (See above, Section 36). It was also widely shown in construction activities, especially in the construction of new railways, harbors, highways, and buildings (See above, Chapter III). In agriculture, the settlements of organized Japanese farmers in North Manchuria (See below, Section 46) and the increased cultivation of cotton in South Manchuria (See above, Section 29–4) were most noteworthy, while extensive research works are being pushed on. In the realm of foreign trade, the increase of Japan-Manchoukuo trade was phenomenal (See below, Section 41). In 1934 and 1935, for instance, the trade with Japan totaled, respectively, 627,277,000 yuan and 673,967,000 yuan or 60.2 per cent. and 65.8 per cent. of the total amounts. Of these amounts, the imports from Japan amounted to 408,601,000 yuan in 1934 and 456,675,000 yuan in 1935. In the field of transportation, the South Manchuria Railway Company began to manage in trust all of the Manchoukuo State Railways (See above, Section 22), while the Manchuria Air Transport Company and Manchuria Telephone and Telegraph Company unified the activities in their respective fields (See above, Section 26 and 28). In all other fields of Manchoukuo's economic development, the Japanese cooperation has been full and complete.

To further aid the development of Japan-Manchoukuo economic interdependence, the Japan-Manchoukuo Joint Economic Commission was organized as a result of an agreement which was signed at Hsinking on July 15, 1935. The Commission is composed of eight members, four from each country, and was instituted with a view to realizing harmony in the economic relations between the two countries. It is an advisory body, however, and "may be consulted by the Governments of Japan and Manchoukuo as to important matters regarding the supervision of the management of special companies set up as Japan-Manchoukuo enterprise" and "may, when necessary, make recommendations to the Governments of Japan and Manchoukuo in regards to all matters pertaining to the national coordination of the economics of the two countries."

Japan's investments thus made in Manchuria during the past four years are estimated at about 788,000,000 yen. This estimate is based upon a study made by the Manchoukuo Government, the South Manchuria Railway Company, the Kwantung Bureau, and others. The details of the investments according to years are as follows:

JAPANESE INVESTMENTS IN MANCHURIA, 1932–1935
(In 1,000 Yen)

1932	
Payments on S. M. R. shares	25,000
Net increase in S. M. R. debentures	69,475
New Investment in companies under control of S. M. R.	187
Total	94,662
1933	
A. New Investments:	
Manchoukuo national foundation loan	30,000
Investments in stocks	110,517
Investments in debentures	133,782
Shares and debentures of companies in Manchuria purchased	5,322
Establishment of branches of Japanese banks and companies	5,506
Establishment and enlargement of partnerships	636
Redemption and purchase of Japanese national bonds	191
Redemption and purchase of Japanese local government bonds, shares, and debentures	4,870
Total	290,824
B. Efflux from Manchuria:	
Payments on Japanese bonds	2
Payment on Japanese local government bonds, debentures, and shares	5,737
Redemption and purchase by Japanese companies in Manchuria of their shares and debentures	164,624
Total of old investments in Manchuria recovered	170,363
New increase of investments	120,461
1934	
A. New Investments:	
Manchoukuo government bonds	10,000
Shares	53,367
Debentures	188,718
Purchase of shares and debentures of companies in Manchuria	5,139
Establishment of branches of Japanese banks and companies	44,076
Establishment and enlargement of partnerships	383
Purchase of Japanese national bonds	127
Redemption and purchase of Japanese local government bonds, debentures, and shares	6,462
Total	308,272

B. Efflux from Manchuria:	
Japanese national bonds sold in Manchuria	14
Japanese local government bonds, debentures, and shares sold in Manchuria	6,182
Redemption and purchase by Japanese companies in Manchuria of their shares and debentures	3,178
Total of old investments in Manchuria recovered	9,374
Net increase of investments	298,898
1935	
Net payments on shares	49,990
Net payments on debentures	155,880
Payments on Manchoukuo bonds concerning the N. M. R. transfer	60,000
Loans granted on mortgage of real estate	8,490
Total	274,360
GRAND TOTAL	788,381

VII FOREIGN TRADE

40 Growth of Manchurian Foreign Trade

The trade of Manchuria, which maintained an unbroken record of progress up to 1929, fell off in 1930 owing to the world-wide depression, coupled with the ever-falling price of silver which especially affected the Far Eastern trade. The trade figures for 1931 and 1932 showed a continued decrease owing to the disturbance of communications occasioned by the Manchurian Incident. The establishment of Manchoukuo brought about the new order of things and the trade began to rise again. With the gradual restoration of peace and order and the inauguration of the new Government's extensive reconstruction program, the trade of Manchoukuo has assumed a decidedly brighter prospect.

In reviewing the trade history of Manchuria, one can not overlook the fact that the Russo-Japanese War, which marked a new epoch in the development of Manchuria, politically and economically, introduced a most radical change in the commercial situation. Prior to the War, Yingkou (Newchuang) was the only port in Manchuria which was open to trade with the outside world. Yingkou and Tientsin were opened at the same time as early as 1861, but, while the trade at Tientsin grew rapidly, that of Yingkou was very slow in its growth. Besides, almost every inland city was closed to foreign traders. After the War, three important developments took place in the interest of Manchurian trade. The first and foremost was the opening in 1906 of the Port of Dairen as a free port. Since then the South Manchuria Railway Company has invested more than 75 million yen for the improvement of that port which is today a premier port in eastern Asia. The second important development was the opening of inland cities for trade. Through a series of agreements between 1905 and 1909, China agreed to open up leading cities in Manchuria which were closed before that time. Antung accordingly was opened in 1907 and nine other important cities, including Harbin, Mukden, Manchouli, and Aigun, were formally opened by 1911. The third factor was the perfection of the South Manchuria Railway in South Manchuria, providing that region with an efficient system of transportation for the first time, and offering, in cooperation with the Chinese Eastern Railway in the north, facilities for the carrying trade in Manchuria. It is a fact of prime historical importance that the Japanese took initiative in all of these three directions to open up Manchuria for international trade.

The establishment of Manchoukuo again revolutionized the prospect for international trade in Manchuria. In this the four factors were most influential. The first was the emergence of an efficient and honest administration. The second was the initiation of a phenomenal era of constructions, especially in the cities and in the transportation sphere, necessitating the importation of an enormous amount of construction materials. The third was the gradual expansion of transportation facilities, especially the railway networks and bus lines, penetrating the regions hitherto untapped. The last but not the least was the successful reform in the financial field, especially the unification of the currency system and the establishment of reliable banking facilities.

The following is the complete picture in figures of the Manchurian trade during the past ten years, the years before 1932 being transposed from haikwan taels to yuan on the basis of 1 haikwan tael to 1.56 yuan for the sake of convenient comparisons:

MANCHURIAN TRDAE, 1925–1935
(Unit: M.¥)

	Imports	Exports	Total	Balance
1925	371,524,812	477,968,690	849,493,502	+106,443,878
1926	421,992,028	566,770,392	988,762,420	+144,778,364
1927	409,245,433	626,002,224	1,035,247,657	+216,756,791
1928	459,946,472	668,677,754	1,128,624,226	+208,731,282
1929	502,948,051	659,682,350	1,162,630,401	+156,734,299
1930	462,773,025	608,384,026	1,071,157,051	+145,611,001
1931	341,599,692	739,271,685	1,080,871,377	+397,671,993
1932	337,672,748	618,156,837	955,829,585	+280,484,089
1933	515,832,425	448,477,605	964,310,030	− 67,354,820
1934	593,562,248	448,426,567	1,041,988,815	−145,135,681
1935	604,149,359	421,077,753	1,025,227,112	−183,071,606

41 Trade According to Countries

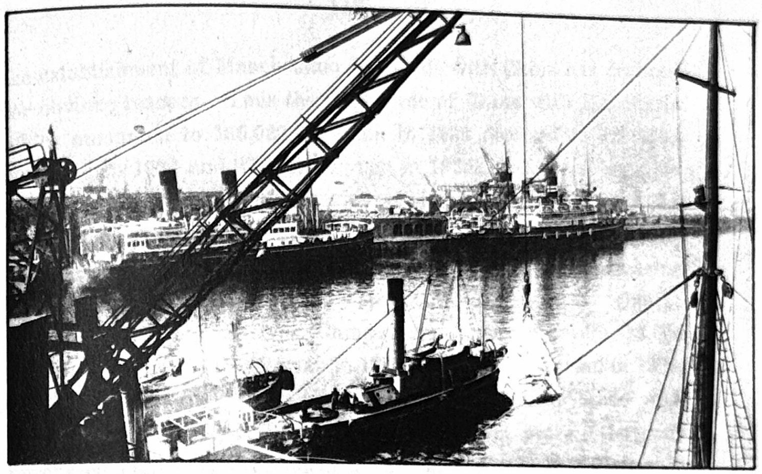
Japan's share of the foreign trade of Manchuria has been larger than that of any other nation for many years. Her shares for 1934 and 1935 were respectively 627,277,000 yuan and 673,967,000 yuan, or 60 per cent. of the total trade of Manchuria for 1934 and 65 per cent. for 1935.

When Newchuang was the sole open port in Manchuria, its staple trade was the export of Manchurian soya beans and bean-cakes to the southern provinces of China, where the bean-cakes were extensively used as fertilizer for the sugar plantations. Soya beans were consumed in southern mills for oil extraction, the product being used as a substitute for ground-nut oil. The imports at this port were cotton goods of low grade, sheeting, and drills, chiefly from England. Later on, American cheap sheeting and drills entered into competition with the English products. The trade with Japan was insignificant until after the Sino-Japanese War of 1894-5. Japan gradually became a heavy purchaser of Manchurian soya beans and bean-cakes, and her purchases in 1898 equalled those of all the Chinese provinces. In 1903, the year before the Russo-Japanese War, Japanese purchases exceeded those of China Proper, and ever since Japan has been the largest buyer of Manchurian bean products. European countries also became steady buyers of Manchurian soya beans after the War, the Mitsui firm of Japan having made a trial shipment to Liverpool in 1908.

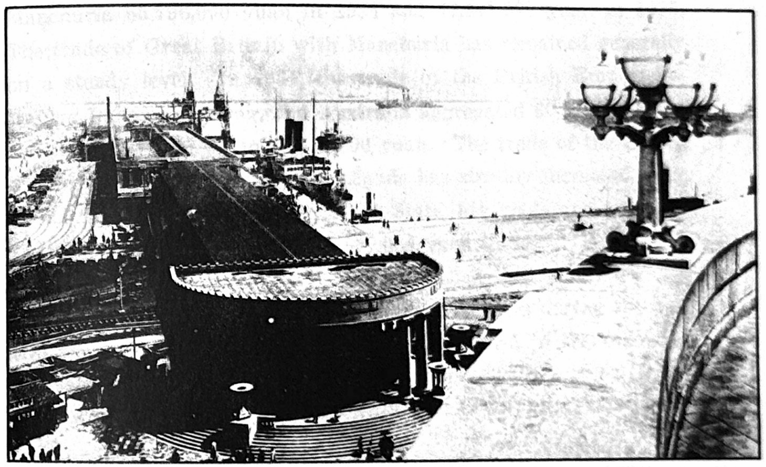
In spite of the rapid increase of exports of Manchurian products to Japan before the Russo-Japanese War, imports from Japan increased very slowly. In cotton goods, which have always constituted the largest item of Manchurian imports, Japan's share was almost negligible, while the British and American goods enjoyed a decided pre-eminence. In those days, the infant Japanese cotton industry was not in a position to compete with the British, American, or Indian mills. Japan's strenuous but constant efforts to develop this industry, especially after the Russo-Japanese War, were gradually crowned with success. Furthermore, Japanese cotton mills were able to produce a much cheaper staple by mixing raw materials of American higher grade and those of Indian and Chinese lower grades. Again, Japanese products could be landed in the Manchurian market at much less freight expenses. These natural advantages of the Japanese cotton industry, particularly in the Chinese market, could not be offset by the American, English, or even Indian mills.

Before the outbreak of the European War, the Japanese cotton industry had so successfully competed with its rivals that almost all cotton goods, except the finest kind, were supplied by Japan. The Great War, cripping the cotton mills in Western countries and also ocean transportation, gave Japan indisputable supremacy in this Far Eastern market. The Japanese cotton industry today is so highly organized that its products can successfully compete in almost any part of the world. But it should be remembered that the more Japanese cotton goods are exported to Manchuria or elsewhere, the greater will be the purchase of American and Indian raw cottons by Japan.

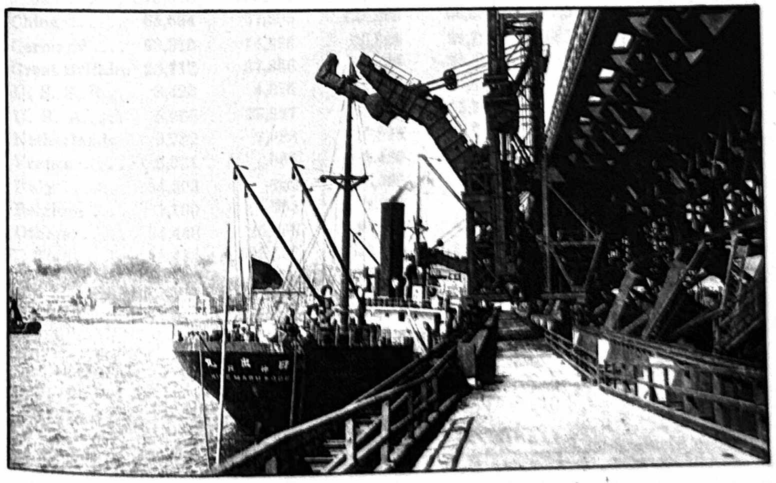
Next to Japan, China for years has occupied an important place in the Manchurian trade. Since the Manchurian Incident and



The Beautiful and Busy Port of Dairen



The Entrance to the Waiting Room, Dairen Pier



The New Coal Pier, Kanseishi

the establishment of Manchoukuo, the trade with China has declined for obvious reasons. Thus the total trade of China with Manchuria which amounted to 135,022,000 yuan in 1933 declined to 123,299,000 yuan in 1934 and 97,346,000 yuan in 1935. It is an interesting fact, however, that the Manchurian exports to China have not declined in proportion. The export trade which was valued at 55,210,000 yuan in 1933 has picked up slightly in 1934 and 1935, increasing to 65,694,000 yuan in 1934 and 65,353,000 yuan in 1935. On the other hand, the imports from China declined more, from 79,812,000 yuan in 1933 to 57,595,000 yuan in 1934 and 31,993,000 yuan in 1935.

If we turn to Western countries, the Manchurian trade with Germany has developed remarkably in the recent years. Germany purchased Manchurian products to the value of 53,310,000 yuan in 1934 and 32,799,000 yuan in 1935, making the German trade with Manchuria 65,796,000 yuan in 1934 and 47,541,000 yuan in 1935. The trade of Great Britain with Manchuria has remained generally on a steady level. In 1934, the trade of the British Empire including India, Hongkong, and Australia aggregated 60,568,000 yuan and in 1935 increased to 70,512,000 yuan. The trade of the United States including the Philippine Islands has steadily increased since Manchoukuo became an independent State, her trade amounting to 41,193,000 yuan in 1934 and 40,532,000 yuan in 1935. Both Great Britain and the United States sold more than they purchased.

The trade of Manchuria according to countries during the past two years and the percentage of each are shown in the following two tables:

A. MANCHURIAN TRADE ACCORDING TO COUNTRIES, 1934–1935
(Unit: 1,000 Yuan)

	1934			1935		
Countries	Export	Import	Total	Export	Import	Total
Japan	218,675	408,601	627,277	217,292	456,675	673,967
China	65,694	57,595	123,299	65,353	31,993	97,346
Germany	53,310	14,486	65,568	32,799	14,742	47,541
Great Britain.	23,712	37,856	61,568	34,450	36,062	70,512
U. S. S. R..,	8,423	4,876	13,299	4,662	1,168	5,830
U. S. A.....	5,966	35,227	41,193	15,596	24,936	40,532
Netherlands.	9,782	7,083	16,865	10,776	5,877	16,652
France ....,	2,921	565	3,486	3,570	463	4,032
Italy	4,303	702	5,005	3,864	1,357	5,220
Belgium	1,190	704	1,894	1,148	1,511	2,659
Others	54,448	25,868	83,316	31,568	29,366	60,934
Total	448,424	593,563	1,041,988	421,077	604,149	1,025,227

B. PERCENTAGE OF MANCHURIAN TRADE ACCORDING TO COUNTRIES, 1934–1935

	1934			1935		
Countries	Export	Import	Total	Export	Import	Total
Japan	48.8	69.0	60.2	51.6	75.6	65.8
China	14.6	9.7	11.8	15.5	5.3	9.5

Countries	1934 Export	1934 Import	1934 Total	1935 Export	1935 Import	1935 Total
Germany	11.9	2.1	6.3	7.8	2.4	4.6
Great Britain .	5.3	6.4	5.9	8.1	5.8	6.9
U. S. S. R. ..	1.9	0.8	1.3	1.1	0.1	0.5
U. S. A.	1.3	5.9	4.0	3.7	4.1	4.0
Netherlands ..	2.1	1.0	1.5	2.6	0.9	1.6
France	0.7	0.1	0.3	0.8	0.1	0.4
Italy	1.0	0.1	0.5	0.9	0.3	0.6
Belgium	0.3	0.1	0.2	0.2	0.3	0.3
Others	12.1	4.8	8.0	7.7	5.1	12.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

42 Trade According to Ports

In the commercial history of Manchuria, the growth of Dairen as a world port and the creation of a great export trade in soya beans are the outstanding features.

In 1907, when Dairen in the Japanese Leased Territory was re-opened to trade, its position in customs returns was next to Yingkou. It soon passed Yingkou and has occupied the supreme position since 1910, and its share has been more than 55–60 per cent. of the total Manchurian trade for many years. The returns for 1935 aggregated 779,746,000 yuan, Dairen's share being 76.1 per cent. Antung, being the junction of the Antung-Mukden line and the Chosen railways, has increased in importance year after year. Antung's trade has surpassed that of Yingkou in every year since 1918 except 1930. While Yingkou's share in 1935 amounted to 66,780,000 yuan, Antung's share amounted to 111,583,000 yuan, respectively 6.5 per cent. and 10.9 per cent. of the entire Manchurian trade.

The other trade gateways in South Manchuria are Shanhaikuan and Chengte where the Manchoukuo Government maintains Custom Houses. The trade passing through those two portals of entry, however, is small. Shanhaikuan's share of trade in 1935 was 13,604,000 yuan or 1.3 per cent. of the entire Manchurian trade and that of Chengte was 2,963,000 yuan or 0.3 per cent. The chief reason for this state of affairs seems to be the general decline of trade with China since the Manchurian Incident.

In North Manchuria, commerce grew steadily and the returns for Harbin, Suifenho, Aigun, and Manchouli in 1927 aggregated 96,880,000 haikwan taels or 14 per cent. of the total Manchurian trade of that year. Their trade was greatly affected by the Sino-Soviet dispute over the Chinese Eastern Railway in 1929 and the Manchurian Incident in 1931, and has fallen off ever since, amounting to only 7,911,000 yuan or 0.8 of the entire Manchurian trade in 1935. On the other hand, a phenomenal growth has been witnessed at Tumen. In 1933, the trade through Tumen aggregated 6,196,000 yuan which has jumped to 34,505,000 yuan or 4.3 per cent. of the entire Manchurian trade in 1934 and 42,639,000 yuan or 4.2 per cent. in 1935. This remarkable growth has been due chiefly to the transportation development in North Manchuria and North Chosen.

The following table shows the comparative trade figures according to ports and portals of entry:

MANCHURIAN TRADE ACCORDING TO PORTS, 1934–1935
(In 1,000 Yuan)

Ports of Entry	1934 Export	1934 Import	1934 Total	1934 %	1935 Export	1935 Import	1935 Total	1935 %
Dairen	335,182	449,246	784,428	75.3	315,371	464,375	779,746	76.1
Antung	44,735	77,372	122,372	11.7	35,898	75,685	111,583	10.8
Yingkou	36,316	29,049	65,365	6.3	41,606	25,174	66,780	6.5
Shanhaikuan	8,620	8,105	16,725	1.3	8,357	5,247	13,604	1.3
Harbin	8,903	4,573	13,476	0.6	3,005	4,906	7,911	0.8
Tumen	13,356	21,149	34,505	4.3	15,143	27,496	42,639	4.2
Chengte	1,314	4,068	5,382	0.5	1,698	1,266	2,963	0.3

43 Trade According to Principal Commodities

As already stated, the most significant feature of Manchurian trade since 1933 has been the excess of imports over exports contrary to previous years. The marked increase of imports was due to the activity of the new Government in construction work and the increase of purchasing power of the people in general.

The exports of Manchuria are chiefly agricultural products, as is the case with Chosen and Shantung Province, China, although the export of mineral products, especially coal and iron, shows a tendency to increase. Soya beans and their products, bean-cakes and bean-oil, today command the world's markets. For many years these exports have constituted more than half of the total exports of Manchuria. The total exports in 1934 and 1935 amounted in value to 448,426,567 yuan and 421,077,753 yuan, respectively. Of these amounts, 238,113,308 yuan or over 53 per cent. of the total exports in 1934 and 214,611,279 yuan or a slightly over 50 per cent. in 1935 represented the value of soya beans, bean-cakes, and bean-oil. Japan became the heaviest purchaser of these products after the Sino-Japanese War. Since the Mitsui firm made the first trial shipment to England in 1908, the consumption of Manchurian soya beans and bean-oil has increased in European countries and to some extent in America. Great Britain, the Netherlands, Italy, Germany, France, Denmark, and other purchasers consume in the aggregate as much as Japan. Of the agricultural products, the export next in importance to soya beans is millet. This trade, which was chiefly with Chosen, was valued at 19,940,104 yuan in 1934 and 9,049,721 yuan in 1935. The export of kaoliang, about half of it going to the China Proper, amounted to 7,310,645 yuan in 1934 and 3,993,135 yuan in 1935. In the field of mineral products, the export value of coal was 41,955,600 yuan in 1934 and 40,473,980 yuan in 1935, about half of which in each year being shipped to the Japan Proper, Chosen, and Taiwan, and the rest to China, the Philippines, and other countries. The exports of pig irons and other iron products were valued at 10,380,305 yuan in 1934 and 10,329,457 yuan in 1935 of which Japan has been the chief consumer.

Among the commodities imported during 1934 and 1935, by far the largest group has been the construction material. The imports of iron and steel, machinery and tools, vehicles and vessels, electrical appliances and materials, timber, and cement totaled 154,266,666 yuan in 1934 and 159,131,707 yuan in 1935, respectively 25 per cent. and 26 per cent. of the total imports. Next in importance came the cotton goods. Including cotton yarns, the total imports of cotton goods aggregated 80,585,992 yuan in 1934 and 68,277,466 yuan in 1935, respectively 13 per cent. and 11 per cent. of the total imports. The import of wheat flour also occupied a significant place, reaching 57,058,521 yuan in 1934 and 53,988,584 yuan in 1935. The imports of artificial silk and silk fabrics, woollen fabrics, sugar, paper, and gunny bags continued to occupy important places on the import column. On the whole, the import figures continue to indicate the tremendous amount of construction activities which are progressing in Manchuria and also the increase of purchasing power of the Manchurians brought about by the thorough reform of the former chaotic currency system and good administration steadily carried out under the new regime.

The following table shows the principal imports and exports comparatively for four years between 1932 and 1935.

A. PRINCIPAL COMMODITIES OF EXPORTS, 1932–1935
(In Yuan)

Commodities	1932	1933	1934	1935
Soya beans	225,114,465	169,095,488	160,348,746	130,053,055
Other beans	11,512,816	9,180,185	9,993,577	13,055,930
Bean-cake	103,445,766	57,614,313	51,508,798	51,370,086
Bean oil	38,238,031	18,472,609	16,262,187	20,132,208
Millet	23,556,419	14,745,699	19,940,104	9,049,721
Kaoliang	28,401,908	7,215,389	7,310,645	3,993,135
Groundnuts	8,435,498	8,826,350	14,129,008	15,140,649
Seeds	6,525,482	10,768,154	14,427,975	16,303,671
Coal	50,863,497	47,201,710	41,955,600	40,473,980
Wild Silk	10,017,320	9,565,278	7,408,875	7,278,999
Salt	7,554,616	3,582,315	5,438,114	4,663,349
Pig Iron	15,069,524	10,446,543	10,380,305	10,329,457
Sulphate of Ammonia	1,569,638	1,756,591	1,717,696	6,051,084

B. PRINCIPAL COMMODITIES OF IMPORTS, 1932–1935
(In Yuan)

Commodities	1932	1933	1934	1935
Cotton Goods	42,014,978	69,304,755	68,052,576	60,339,907
Cotton Yarn	12,641,544	20,927,257	12,533,416	7,937,559
Raw Cotton	16,717,268	11,046,028	12,283,717	9,406,593
Iron & Steel	21,862,948	39,996,734	58,227,008	51,539,998
Vehicles	5,385,782	22,698,784	30,945,763	39,844,471
Wheat Flour	32,259,468	58,678,946	57,058,521	53,988,584
Gunny Bags	26,464,682	16,991,772	16,133,998	14,640,550
Sugar	15,654,716	16,955,838	11,914,422	13,638,399
Machinery	6,006,204	9,543,611	28,056,386	34,612,607
Paper	7,651,094	10,012,677	12,139,498	12,959,291

44 Manchoukuo-German Trade Agreement

The steady development of Manchoukuo, coupled with the restoration of peace and order and the successful initiation of financial rehabilitation, has stimulated the rising tide of Manchoukuo trade with various countries of the world, especially during the period under review. The growth of trade figures is significant as the Powers continue to uphold, outwardly at least, the non-recognition policy toward Manchoukuo and yet desire to further their trade relations with her.

It was with this background that Manchoukuo welcomed trade missions and representatives from several countries between 1934 and 1936. Notable among them were the British Industrial Mission, representing the British Federation of Industries and headed by Lord Barnby, which visited Manchoukuo in October, 1934; the German Economic Mission, which was headed by Dr. Otto C. Kiep and which visited Manchoukuo in November, 1935; and the Belgian Trade Mission, which was headed by M. Van Loo and which made a prolonged visit during the spring of 1936. It was significant that the American Economic Mission to the Far East visited Japan and China in 1935 but carefully avoided Manchoukuo for unannounced but obvious reasons.

The British Industrial Mission issued a voluminous report upon its return to England, the general tone of which was the refutation of the Lytton Commission pronouncements, but no official trade agreement followed. The Belgian Mission on the whole combed the country with individual contacts and is reported to have concluded numerous individual trade contracts running up to several million yuan. On the other hand, the German Economic Mission started negotiations with the Manchoukuo Government through the good offices of the Japanese Government. After prolonged negotiations a Manchoukuo-German Trade Agreement was successfully concluded and signed at Tokyo on April 30, 1936, by Mr. Hsieh Chieh-shih, the Manchoukuo Ambassador to Tokyo, and Dr. Otto C. Kiep, the German Minister Plenipotentiary and head of the Mission, in the presence of Mr. Shikao Matsushima, the Director of the Commercial Affairs Bureau of the Japanese Foreign Office. With the exception of Japan, this is the second official major agreements which Manchoukuo had signed, the first being with the Soviet Union which transferred its shares in the North Manchuria Railway to Manchoukuo, both of which are tantamount to the recognition of Manchoukuo.

The more important provisions of the Manchoukuo-German Trade Agreement thus concluded are as follows: that Germany shall import Manchoukuo products up to the amount of 100,000,000 yuan during the period of one year beginning on June 1, 1936; that the three-fourths of the payment shall be made in foreign exchange and the one-fourth in Reichsmarks; that the amount of purchase may be reduced to not less than 65,000,000 yuan in case, owing to unforeseen circumstances, it becomes impossible for the German Foreign Exchange Administration to make available foreign exchange to the amount of 75,000,000 yuan; that Manchoukuo shall import German products to the amount equivalent to the payment in Reichsmarks during the same period; that the Agreement shall be effective for one year from June 1, 1936, and shall be renewed annually, the next one being subject to revision before April 1, 1937. (For details, see the full text in Appendix III, No. 12.)

Under this Agreement, the Manchoukuo Government appointed Mr. Hiyoshi Kato, the Director of the Commercial Affairs Bureau of the Department of Foreign Affairs, as its resident commissioner in Berlin and the German Government named Mr. K. Knoll, former Commercial Secretary of the German Embassy in Tokyo, as its trade commissioner at Hsinking.

VIII IMMIGRATION AND SETTLEMENTS

45 Control of Chinese Immigration Into Manchuria

The Chinese mass immigration into Manchuria passed the million mark during 1927, 1928, and 1929. In 1927 was reached the peak, no less than 1,159,000 entering and only 316,000 leaving, thus chalking up a net gain of 843,000. Since 1930, however, it gradually declined and reached, largely as a result of the Manchurian Incident and the consequent disturbances, a new low mark of 414,000 in 1932. During 1932, moreover, 498,000 left Manchuria, thus spelling a net loss of some 84,000. With the establishment of Manchoukuo and the gradual restoration of peace and order, Manchuria once more began to attract Chinese immigrants and the wave of mass immigration started to rise again. The following figures, estimated by the Economic Research Committee of the South Manchuria Railway Company, show the movement of Chinese immigrants for the past ten years (For fuller figures, see Appendix II, No. 14):

CHINESE IMMIGRATION INTO MANCHURIA, 1926-1935

Years	Arrivals	Departures	Net Gain
1926	607,352	323,694	283,658
1927	1,159,747	316,549	843,198
1928	1,074,467	381,087	693,380
1929	1,046,291	601,392	444,899
1930	748,213	488,504	259,709
1931	467,402	461,339	6,063
1932	414,034	498,783	–84,749
1933	631,962	483,783	147,179
1934	690,925	439,628	251,297
1935	519,552	495,009	24,543

The establishment of Manchoukuo had changed the whole outlook for the Chinese mass immigration into Manchuria. The formative period of the new State, abounding with complex problems of national adjustment, necessitated an effective control of labor and immigration. This was obvious. Politically speaking, pending the promulgation of the naturalization law, it became necessary to draw a clear distinction between the citizens of Manchoukuo and the citizens of China in order to solidify the foundation of the new State. Moreover, plain-clothed Chinese soldiers, the trained anti-Manchoukuo propagandists, and even communists were discovered flowing into Manchuria in great numbers under the guise of Shantung coolies. In the economic field, the prosperity of the new State largely depended upon the prosperity of its citizens. The unchecked Chinese immigration also helped to increase the outflow of silver from the country as the Chinese laborers annually sent home or took out of Manchuria some 30,000,000 yuan. The control of immigration thus became an urgent need from the point of view of protecting the Manchurian laborers against undue competition and of enriching their buying power by keeping their earned wealth within the Manchoukuo border instead of permitting its outflow into China. Socially considered, an unchecked influx of Chinese coolies tended both to complicate and endanger the public peace and order. Especially noteworthy was the tendency of the Chinese immigrants underbidding and eventually driving the less efficient members of Manchurian labor population out of work and even forcing them to join bandit groups, not to say anything about Chinese immigrants themselves becoming sources for the fast-vanishing army of outlaws.

The first step in the direction of controlling Chinese mass immigration was taken on February 12, 1932, even before the final establishment of Manchoukuo, when the North-Eastern Transportation Committee abolished the system of reduced fares as applied to the Chinese immigrants, a practice which was followed for years as an inducement for Chinese immigration. The South Manchuria Railway Company followed the suit after March 10, 1932. On the following April 1, the Department of Civil Affairs instructed the Fengtien Provincial Governor to proclaim the policy of restricting the entrance into Manchuria of lower-class foreign laborers who do not possess proper passports or certificates or who come without necessary funds. This order of course had the special purpose of checking the entrance of plain-clothed soldiers from China. Almost a year later, on February 17, 1933, the Government of Manchoukuo issued the "Regulations Governing the Entrance of Foreigners" and prohibited the entrance into Manchuria of persons of extreme poverty and those "who are suspected to disturb public peace." However, due largely to the laxity of enforcement during the formative stage of the new State, those orders were not strictly enforced.

In 1934, two developments followed to insure a more strict control. The first was the creation at Hsinking on January 9 of the Labor Control Commission composed of the representatives of the Departments of Civil Affairs and Defense of the Manchoukuo Government, the Kwantung Army, the Kwantung Bureau, the Government General of Chosen, the Japanese Embassy, and the South Manchuria Railway Company. The Commission began to study the question of labor demand and supply in Manchuria from the point of view of national policy, and reached a general conclusion that definite control and limitation of immigrants should be enforced, but that the limitation should be worked out gradually in proportion to demand and supply and that improvement should be made in the labor conditions, labor protection, and labor hygiene. At its meeting on March 12, the Commission proposed to enforce certain measures of practical control, such as the prohibition of entrance into Manchuria of those who do not have definite hope of employment, the limitation of Chinese immigrant laborers to certain fields and in particular 110,000 in the construction activities, the enforcement of limitation at such places as Dairen, Yingkou, Shanhaikuan, and Antung, and the special limitation of Shantung immigrants to help establish further peace and order.

The second development was the establishment on April 1 of the Tatung Kungssu with its headquarters at Tientsin for the purpose of checking the Chinese emigrants destined to Manchuria at the ports of departure. The examination stations were established at Shanhaikuan on April 4, at Tsingtao on April 8, at Chefoo on April 12, at Lungkou and Weihaiwei on May 12, while its branch was opened at Dairen on April 28. Its main activity was to examine prospective emigrants and to issue necessary certificates to those who were deemed safe to enter Manchoukuo. It also undertook to carry on researches on labor conditions and to aid various activities relating to the question of labor supply as well as protection and hygiene. The Tatung Kungssu at first faced untold difficulties in its relations with both the Japanese and Chinese authorities at several ports, and its activities were greatly hampered during 1934. However the misunderstanding of the Japanese authorities was smoothed out, while the Chinese authorities began to see the wisdom of enforcing control before departure when they discovered that the Chinese emigrants without certificates can not land at the ports of their arrival.

In 1935, the whole question assumed a new status. The Government of Manchoukuo began to compile labor control regulations and issued on February 12 the "Policy of Controlling Chinese Immigrants" as an *ad interim* measure. In line with this control policy, the Labor Control Commission decided to limit the number of immigrants to 440,000 (300,000 in farming, 110,000 in construction works, 18,000 in mining, and 12,000 as coolies), to distribute this number into three periods (60 per cent. during the first four months, and 30 per cent. and 10 per cent. respectively to the two following periods) and to prohibit the entrance of immigrants through Shanhaikuan. To cooperate with the Manchoukuo Government in this difficult task, the Kwantung Bureau issued the "Regulations Concerning Foreign Laborers" on March 11 and enforced them within the Kwantung Leased Territory and the S. M. R. Zone from March 15. The Manchoukuo Government issued its "Regulations Governing Foreign Laborers" on March 21 (See Appendix III, No. 5) and enforced them on the same date.

With the completion of these Government regulations, the Tatung Kungssu was also reorganized. It now became a corporation incorporated under the Manchoukuo laws with its headquarters at Hsinking. Its offices were now established at Tientsin, Dairen, Tsingtao, Weihaiwei, Chefoo, Lungkou, Tangku, and Shanhaikuan, and its branches were established at Kupeikou, Hsifengkou, Lengkou, Peiping, Yingkou, Antung, and Harbin. At Dairen, Mukden, Hsinking, and Yingkou it opened reception quarters.

With these plannings, regulations, and organizations the effective control of Chinese mass migration into Manchuria was finally established during 1935. The result was a decided decrease in the number of coolies entering Manchuria in 1935 as already noted. The destinations of these Chinese coolies after their arrival in Manchuria, according to the Tatung Kungssu, may be seen from the following table for the four leading portals of entry for the year 1935:

DESTINATION OF CHINESE COOLIE IMMIGRANTS, 1935

	Dairen	Antung	Yingkou	Shanhaikuan
Kwantung Leased Territory..	143,996	16	1,385	175
Fengtien Province	11,040	58	75,652	61,017
Pinkiang Province	8,758	7	11,888	15,146
Kirin Province	4,936	14	15,228	17,960
Antung Province	1,257	20,535	553	645
Lungkiang Province	700	1	2,154	4,784
Sankiang Province	327	—	1,023	921
Chinchow Province	243	1	731	14,625
Heiho Province	171	—	453	426
Chientao Province	246	2	87	616
Jehol Province	89	—	95	1,983
Hsingan Provinces	58	—	851	3,023

The above figures in term of the places whence they came, according to the Tatung Kungssu, are given in the following table:

ORIGINS OF CHINESE COOLIE IMMIGRATION INTO MANCHURIA, 1935

Origin	Dairen	Antung	Yingkou	Shanhaikuan	Percentage
Shantung	146,362	18,726	51,399	21,943	57.6
Shanhsi	48	1	793	2,521	0.8
Hopei	23,276	1,779	53,491	87,071	40.0
Honan	1,232	8	994	2,009	1.0
Chiangsu	420	10	642	182	0.3

Japanese Immigrant Farmers in North Manchuria

Chosenese Farmers in the Yingkou Farm-Settlement

Threshing Season in a Manchurian Farm

Origin	Dairen	Antung	Yingkou	Shanhai-kuan	Percentage
Chechiang	189	3	561	45	0.2
Hupei	73	5	137	45	0.1
Fuchien	17	—	11	10	—
Anhui	32	1	33	30	—
Others	1	12	12	101	—

46 Chosenese Settlements in Manchuria

The Chosenese immigration into Manchuria became more noticeable after the Japanese annexation of Chosen. In 1910, the year of the annexation, the Chosenese residents in Manchuria were estimated at some 53,000. This number has grown steadily to 459,000 by 1920 and 607,000 by 1930. At the end of 1935, there were 662,000 Chosenese in all Manchuria. In addition, 4,389 Chosenese were reported residing within the Kwantung Leased Territory.

Before the emergence of Manchoukuo, the lot of the Chosenese immigrants in Manchuria was not at all an envious one. They were chiefly engaged in the rice cultivation in which profession they far outclassed the Chinese laborers, but were generally oppressed and mistreated by the Chinese authorities. This was especially true in the matter of leasing lands. The Wanpaoshan affair in 1931 was an outcome of such difficulties. Moreover, they became the constant victims of marauding hordes of bandits. After the establishment of Manchoukuo, however, all of those handicaps, notably the difficulties relating to the leasing and purchasing of lands, were wiped away, and, with the expanding radius of peace and order, the Chosenese immigrants began to enjoy a new deal in their activities.

The most noteworthy recent developments which concern the general welfare of the Chosenese immigrants in Manchuria were the concentration-village movement and the Chosenese farm-settlements. Both movements have shown remarkably satisfactory results and the future development is now being watched with keen interest.

(1) *Chosenese Concentration-Village Movement*

The concentration-village movement was started in 1933 through the cooperation of the Government General of Chosen and the Chientao Japanese Consulate General as an experiment in the Chientao district. The success of the experiment not only helped to spread the movement among Chosenese residents elsewhere but also spurred the Manchoukuo Government to create similar movement among the Manchurian farmers, chiefly for the purpose of forming the twilight zones against bandit groups.

The concentration-village movement among Chosenese immigrant farmers was started for the purpose of assuring a settled farm life among them and of creating organized barriers against the loaming bandits. Those who settled the designated place were provided with houses and lands and other necessary implements and facilities for farming. On the other hand, such concentration of settlements, in direct contrast with small scattered settlements, helped the authorities in their delicate task of preserving peace and order.

For the year 1934, the Government General of Chosen planned to create nine concentration-villages, capable of embracing altogether 950 Chosenese families. The places selected were in the Chientao district, along the Hsinking-Tumen Railway and the Tumen-Mutanchiang Railway lines. The total expense involved was estimated at 96,000 yen of which 60,000 yen were appropriated by the Government General of Chosen and the remainder by the East Asia Development Company. At the end of the year, 840 families, involving 4,413 persons, were actually settled in the designated nine villages. Four villages had the full capacity quotas of 150 and 100 families.

The second year project for 1935 included the creation of 15 villages with a capacity to accommodate 1,600 families at an estimated expense of 178,000 yen. These villages were to be located in the same districts as the first project. At the end of the year, the designated 15 villages saw the settlement of 1,463 families embracing 7,679 persons. Eight of the fifteen projected villages had the capacity quota of settlers.

Encouraged by these two initial projects, the plan for the year 1936 included the fulfilment of the previous quotas and the creation of five new villages, capable of accommodating 500 families at an estimated expense of 95,000 yen.

It may be added here that the similar movement sponsored and successfully carried out by the Manchoukuo Government involved 25 villages accommodating 2,504 families at an estimated expense of 195,780 yuan for the year 1934 and 28 villages accommodating 3,650 families at an estimated expense of 198,610, yuan for 1935. An addition of 24 villages in Chientao Province is being planned for 1936, while an equally vigorous plan is under execution in Antung Province. These villages were primarily established in the interest of Manchurian farmers but necessarily a large number of Chosenese immigrant farmers was also involved. For instance, at the end of 1934, of the 573 families which were settled in 10 villages within three Prefectures of Chientao Province, 413 families were Chosenese immigrant farmers and only 160 families were Manchurian farmers. Figures for other districts are not known.

(2) *Chosenese Farm-Settlements*

The second noteworthy development was the movement for the creation of new farm-settlements chiefly for those who constitute the floating Chosenese population in Manchuria. The plan was sponsored by the Government General of Chosen and supported by the Department of Colonial Affairs at Tokyo, the Kwantung Army, the Japanese Embassy, and the South Manchuria Railway Company. The project involved the purchase of suitable lands, the inducement of unemployed Chosenese farmers to settle, the granting of land under a long-term, low-interest loan, provision of facilities such as houses, equipments, and necessary funds, and the offering of needed protection. The Government General of Chosen was to provide one-third of the required fund and entrusted the entire management under its general supervision to the East Asia Land Development Company, a subsidiary of the South Manchuria Railway Company, which provided the balance of the necessary fund.

The first of such Chosenese Farm-Settlements was created in 1932 at Lanshihshan near Tiehling along the S. M. R. Main Line. The Lanshihshan project involved 720 cho (714 hectares) of land and proposed to settle 250 families with 1,250 members at an estimated expense of 215,000 yen. Each family is allowed 2.4 cho (2.3 hectares) of paddy field. In 1932, it began with 190 families, which increased to 233 in 1933, and 242 in 1934.

Two additional Farm-Settlements were created in 1933. The Hotung Farm-Settlement embraced some 2,470 cho (2,448 hectares) of land near Chuho in Pinkiang Province along the Harbin-Suifenho Line and proposed to settle 1,000 families with 5,000 members at an estimated expense of 883,000 yen and short-term loans amounting to 100,000 yen. It settled 579 families in 1933 and 292 families in 1934, making a total of 851 together with those who were there before 1933 and involving a population of 3,477. Here, the each family is allowed 2 cho (1.9 hectares) of paddy field.

The other Farm-Settlement was located near Yingkou. The Yingkou Farm-Settlement commanded 2,580 cho (2,557 hectares) of land to settle 1,000 families with 5,000 members and the entire project involved a total estimated expense of 898,800 yen and a short-term loan fund of 103,700 yen. It was started in May, 1933, and 612 families by the end of 1934 and 1,035 families by the end of 1935 were successfully settled there. It is the most successful farm-settlement to date.

One more Farm-Settlement was created at Suihua in Pinkiang Province with 1,100 cho (1,090 hectares) of land to settle 400 families with an estimated fund of 50,000 yen. By the end of 1934, 286 families were successfully settled there.

The work of the East Asia Land Development Company in creating these four Chosenese Farm-Settlements involved everything necessary for pioneer settlements such as irrigation projects, building of farm houses, establishment of schools, provision for medical aids, acquisition of farming implements, defense projects, and provision for financial aids and facilities.

The following table gives a bird's-eye view of the entire projects as of September, 1935:

CHOSENESE FARM-SETTLEMENTS IN MANCHURIA

	Yingkou	Hotung	Lanshihshan	Suihua
Families Settled	1,035	789	269	337
Number of Persons	5,461	3,372	1,235	1,314
Men	2,935	1,803	630	717
Women	2,526	1,562	605	597
	hectares	hectares	hectares	hectares
Land under Cultivation.	2,432	1,609	645	695
Same Per Family......	2.3	2.0	2.3	2.0
	koku	koku	koku	koku
Crops Raised	42,370	42,567	12,724	21,123
Per cho	1.7	2.6	1.9	3.0
Per Family	40.9	53.9	47.3	62.6

Note: 1 koku=4.9629 bushels.

Spurred by the success of these Farm-Settlements during 1933–1935, the East Asia Land Development Company, is cooperation with the Government General of Chosen, evolved an expansion program to be developed from the year 1935. The new projects involve the Second Yingkou Farm-Settlement with 3,000 cho (2,973 hectares) of land for the settlement of 1,200 families with 6,000 members at an estimated expense of 946,000 yen, the Second Lanshihshan Farm-Settlement with 170 cho (168 hectares) of land for the settlement of 80 families with 400 members at an estimated expense of 74,000 yen, the Second Suihua Farm-Settlement with 450 cho (446 hectares) of land for the settlement of 160 families with 800 members at an estimated expense of 143,000 yen, and the new Sanyuanpu Farm-Settlement with 470 cho (466 hectares) of land for the settlement of 200 families with 1,000 members at an estimated expense of 103,500 yen. It is believed that the 60 per cent. of the projected settlers will be drawn from Chosenese farmers already in Manchuria and the remaining 40 per cent. from Chosen.

For the purpose of supplying the Chosenese farmers in Manchuria with necessary funds for spring cultivation projects, the Japanese authorities in Manchuria have decided to increase the funds from 4,000,000 yen in 1935 to 6,000,000 yen in 1936, and to distribute them through the newly organized Federation of Rural Credit Unions. An increased immigration from Chosen is also projected by the Government General of Chosen for 1936.

47 Japanese Immigration and Settlements

The Russo-Japanese War gave Japan her first foothold on continental Asia, and many a Japanese statesman dreamed of Manchuria as a god-given land for Japanese immigration. Count Kodama, Count Goto who became the first President of the South Manchuria Railway Company, and Foreign Minister Komura were the leading spokesmen of Japanese mass immigration into Manchuria. Twenty-five years later, in 1931, only 240,000 Japanese found their way into Manchuria, while only a few hundred farmers settled in the Kwantung Leased Territory and the S. M. R. Zone.

During those twenty-five years, three major attempts were made to foster Japanese immigration into Manchuria. The first attempt was made during 1914–1918 for the subsidized settlement of the S. M. R. Zone with ex-service men. In all 34 families were settled under this plan but only 17 farmers remain tilling the soil to-day. The second was the creation and settlement of the Aikawa village near Chinchou under the auspices of the Kwantung Government. 19 families in 1915 and 13 families in 1916 were settled there but only 7 families remain to-day. The last organized attempt was made by the Dairen Agricultural Company, a subsidiary of the South Manchuria Railway Company, to settle 500 families within the Kwantung Leased Territory. Only 73 families were settled accordingly since 1929. The chief difficulty in this connection has been the refusal of the Chinese authorities to grant the treaty right of owning and leasing land in Manchuria.

The Sino-Japanese controversy of 1931–1933 and the emergence of Manchoukuo changed the outlook completely. The new State granted in 1933 the right of owning farming land to Japanese and thus opened up vast areas in Manchuria for Japanese immigration. Even before this, in 1932, the Department of Colonial Affairs in cooperation with the Department of Army completed in 1932 a plan of settling 100,000 subsidized farming families within ten years. After a careful study of the new situation in Manchuria, the Government decided to encourage and to subsidize such a plan, however in a smaller scale.

The Japanese immigration into Manchuria thus spurred was to assume the form of self-protective settlements, directed and subsidized by the Government. The Government was to furnish farming experts, police and defense directors, physicians and veterinarians. Each immigrant farmer was to be subsidized 810 yen: training, 20 yen, travelling, 200 yen; domestic animals, 75 yen; farming implements, 150 yen; housing, 250 yen; clothing, 30 yen; and living expenses, 85 yen. In addition, the Government assumed the responsibility of providing the immigrants with various necessary common equipments and facilities, such as hospitals, barracks, baths, wells, defense walls, shops, factories, and schools, making a total individual subsidy for more than one thousand yen. At first, everything was to be carried on the basis of common management and later each immigrant was to receive about 15 to 25 cho of land. As a necessary part of this plan, a tract of land amounting to almost 1,000,000 cho in Sankiang and Pinkiang Provinces were purchased from the local owners in August, 1933, and February, 1934.

The immigration plan thus evolved is now gradually seeing its realization. To the middle of 1936 four waves of immigrants left Japan and settled in Manchuria. The first wave of 423 persons, with later addition of 68 in Manchuria, settled Yungfengchen near Chiamussu between February and April, 1933. Additional 9 were settled there in September, 1933, making the total 500. This group has at its disposal some 40,000 cho (39,640 hectares) of land of which about one-eighth is cultivable. Today there are 563 persons, including 90 families. The second wave of 482 persons was settled at Hunanying, south of Yungfengchen, in July, 1933. This group commands 12,400 cho (12,288 hectares) of land and to-day embraces 582 persons. The third wave of 259 persons was settled at Peitokou north of Harbin in October, 1934. It has a land area of about 20,000 cho (19,820 hectares) and had 308 members at the end of 1935. The fourth wave, consisting of 400 persons, settled at Chengchiho and Hadaho, south of Mishan in Eastern Manchuria, in March and April, 1936. During 1936, the Government is planning to settle some 1,000 families and 5,000 persons in cooperation with Manchuria Settlement Company as latter's first wave of settlers.

The experiments of these various settlements have been fairly satisfactory and encouraging at the end of 1935. The land under cultivation is 595 cho (589 hectares) at Yungfengchen, 511 cho at Hunanying, and 351 cho (347 hectares) at Peitokou. A marked progress was registered also in the building of private homes, reaching 104 at Yungfengchen, 62 at Hunanying, and 20 at Peitokou. Various domestic industries are being fostered to make the settlements self-supporting. Among such industries, the more important are the flour milling, rice refining, bean-oil milling, making of *shoyu* and *miso*, charcoal making, meat smoking and preserving, and tobacco drying. Beginning was also made in stock raising, sericulture, and honey making as secondary industries. Schools, hospitals, co-operative stores, amusement centers, and shrines were also established and effectively functioning. Immediate plans include the expansion of cultivation areas and the building of permanent homes.

Along with these Government-sponsored immigrant waves also came other independent groups. Since 1931, over 100 such groups planned various types of settlements but only a few of them were successfully carried out. Among the latter groups, the more spectacular ones are the Tensho-yen, the Kyohaku Institute, and the Tenrikyo Village.

The Tensho-yen was sponsored by Mr. Kosaka of the Tensho-yen in Tokyo for the purpose of first training and later settling in Manchuria the unemployed masses floating about the city of Tokyo. Beginning in March, 1933, four waves of trained immigrants, numbering in all 122, were settled at Ikoshu in western Fengtien Province. In 1934, they cultivated some 540 cho (535 hectares) of land and raised 890 koku of crops, amounting to 7,400 yuan.

The Kyohaku Institute, a sort of training school for the preparation of settlers, was organized in October, 1932, and received from the Manchoukuo Government a grant of land along the Chingpohu in the southern part of Pinkiang Province. The 200 candidates were selected in 1933 from among 800 applicants, graduates of either primary or middle schools in Japan, and each paid an entrance fee of 300 yen. They were first given a preliminary training in Tokyo and then transferred first to Tunhua and then to the Chingpohu during 1934. In 1935, there were 151 out of 198 originally settled and they together cultivated some 100 cho (99 hectares) of land, letting additional 93 cho (92 hectares) to the Chosenese farmers. The whole experiment was a failure due to the lack of financial support and the Kyohaku Institute was officially disbanded at the end of 1935. Most of the students, however, are planning to remain and to settle in Manchuria permanently.

The Tenrikyo Village was sponsored by the Young Men's Tenrikyo Association of the Tenrikyo Sect in 1932 as a religious movement and began in 1934. Some 1,340 cho (1,327 hectares) of land near Acheng south-east of Harbin were purchased from the East Asia Land Development Company in 1933 and the settlers were selected exclusively from among the Tenrikyo followers. The first wave of settlers, embracing 43 families and 205 members, settled there in November, 1934, and the second wave, involving 20 families and 105 members, in October, 1935. Due largely to the religious motive of their settlement, the Tenrikyo Village is successfully carrying on and further expansion is projected.

In addition, an interesting movement is taking roots along the Hsinking-Tumen Line. Beginning in 1933, small-scale farms under Japanese management were started and today there are 18 of them. These farm settlements, centering around Lafa and Chiaoho and in the midst of expanding Chosenese concentration-village settlements, are thriving well and more are being added. Similar settlements are springing up also in other parts of Manchoukuo.

In the light of such varying experiments a Colonization Conference met at Hsinking in November, 1934. It was attended by more than fifty experts, involving practically all government agencies and other organizations and individuals interested in the question. As a result of five-day exchange of views and constructive deliberations, an encouraging possibility of the settlement of Japanese farmers in North Manchuria was revealed. After further studies and deliberations, the Manchuria Colonial Development Company was organized at Hsinking late in December, 1935, with an authorized capital of 15,000,000 yen. The Manchuria Colonial Development Company was created for the purpose of assisting settlers through the acquisition of land suitable for settlement, the supervision and distribution of such land, and the provision of financial aids and other necessary equipments and facilities for settlers. One-third of the authorized capital was provided by the Manchoukuo Government, one-third by the South Manchuria Railway Company, and one-third by the general public in Japan. In April, 1936, it decided to settle 20,000 Japanese farming families in ten years and 1,500 families during 1936, and the Department of Colonial Affairs in Tokyo placed at the disposal of the Company 1,135,000 yen and the Manchoukuo Government the necessary land. The settlements will take place in Pinkiang Province.

In Japan was organized in October, 1935, the Manchuria Immigration Society by those individuals who are specially interested in the encouragement of Japanese emigration into Manchuria. The headquarter is located in Tokyo and it is planning a large scale campaign with an initial budget of 700,000 yen, 100,000 yen of which

are provided by the Government. During 1936, the Government is also planning to settle some 1,000 families and 5,000 persons in cooperation with this Society. A similar society was also organized in Osaka under the name of the Osaka Immigration Society and its future activities are looked forward with keen interest. In addition, the Government is contemplating of establishing a special corporation with a capital fund of 50,000,000 yen for the purpose of subsidizing the settlement of 100,000 families in 15 years beginning with 1936.

IX EDUCATION

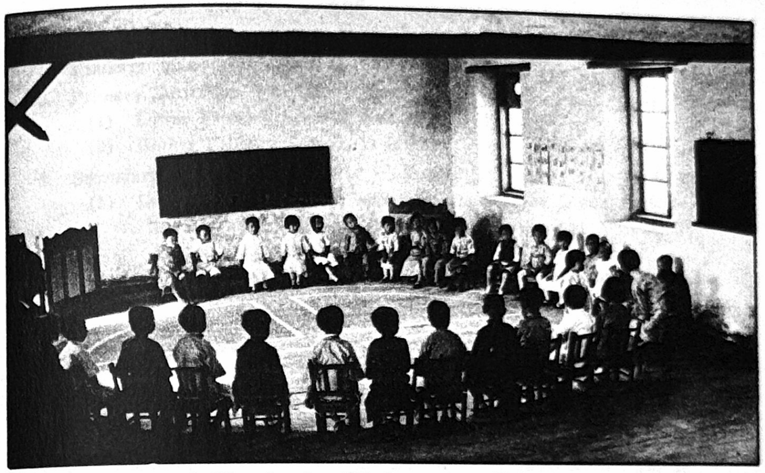
48 Development of Education in Manchoukuo

It is said that, prior to the Boxer outbreak in 1900, there was no real public school system in Manchuria, nor any institution for giving modern education except the few maintained by foreign missionaries. The beginning of a new school system was made in China in 1903 and more comprehensive regulations were issued in 1911. In November of that year, the Mukden Government issued regulations under which the modern school system in Manchuria was to be gradually evolved. And yet the status of educational activities in Manchuria in 1932 was extremely inadequate and primitive.

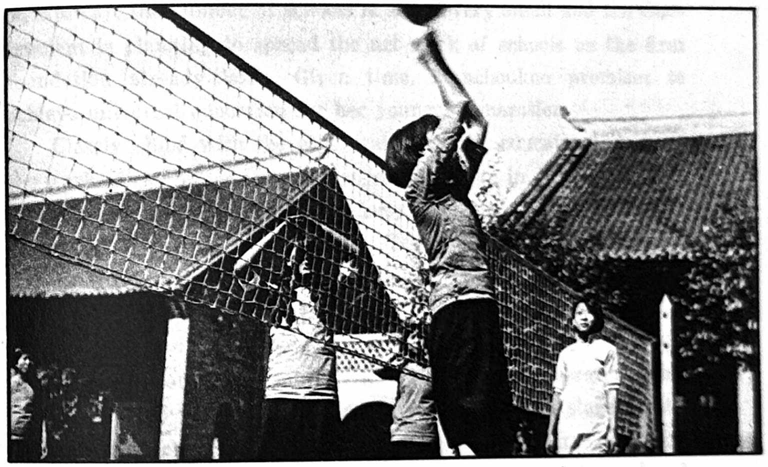
With the establishment of Manchoukuo, a new era dawned over the millions of illiterate masses. The new State fully realized the necessity of education in the molding of a new nation and began to assert its energies in building up its school system much as Japan has done after the Restoration of 1867–8 (See Fourth Report, Sections 122–126). As a result, the educational system in Manchoukuo has been completely centralized under the Department of Education and the private schools have been brought under the strict control of the Government.

The educational activities of the Manchoukuo Government thus reorganized are divided into three departments, namely, school education, social education, and cultural work. In the field of school education, a complete reorganization of the old system is now being made on an extensive scale. Special emphasis is being given for character building based upon *Li Chiao* or Confucianism and vocational training. The social education is being organized also on an extensive scale and involves various phases of popular education such as the creation of educational centers, the initiation of popular lectures, the installation of libraries, the establishment of museums, the initiation of language courses, the organization of various societies for men and women and children's groups, and the physical and athletic education. A five-year program for adult education is also being worked out. The cultural work covers a vast field of activities, including the establishment of a national academy for the preservation and study of Oriental culture.

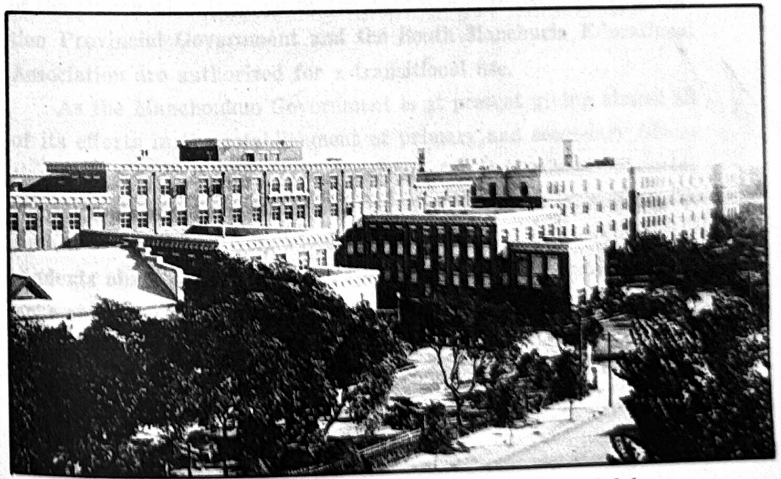
The system of education thus evolved and enforced is as follows:



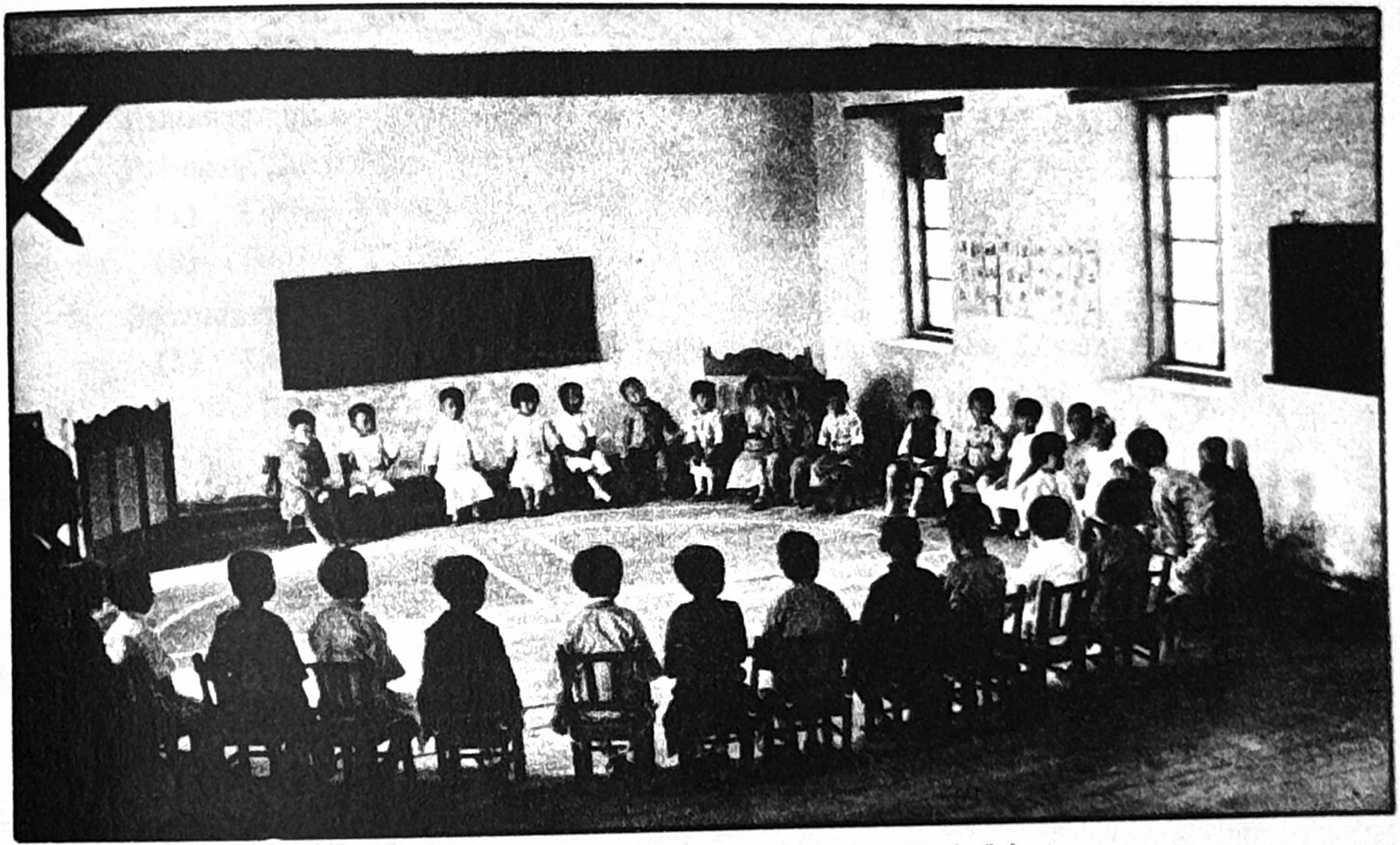
A Manchurian Kindergarten, Hsinking



New Deal in Girls' Education in Manchuria



S. M. R. Medical University and Hospital, Mukden



A Manchurian Kindergarten, Hsinking

1. Kindergartens to the age of 7
2. Primary Education, 7 to 13:
    - (1) Lower Primary Schools, 7 to 11
    - (2) Higher Primary Schools, 11 to 13
3. Secondary Education, 13 to 19:
    - (1) Lower Normal Schools, Lower Middle Schools, Lower Agricultural, Industrial, and Commercial Schools, and Vocational Schools, 13 to 16.
    - (2) Normal Schools, Higher Middle Schools, Higher Agricultural, Industrial, and Commercial Schools, 16 to 19.
4. Higher Education, 19 to 23:
    - (1) Higher Normal Schools, 19 to 23
    - (2) Agricultural and Technical Colleges, 19 to 22

It will be readily seen that special emphasis is laid, in addition to general education, in the vocational and normal education. As it will be seen clearly from the figures given elsewhere (See Appendix II, No. 13), the number of schools is as yet very small and the Government is planning to spread the net work of schools on the firm foundation already laid. Given time, Manchoukuo promises to achieve universal education for her younger generation.

Closely allied with the organization of the educational system, the work of compiling new text books was began in July, 1932, with the appointment of a Text-Book Compiling Supervisory Committee (See Fourth Report, Section 125). The actual task of compilation was started in March, 1933, and the first stage of the work was completed in September, 1934, when 16 text books covering 9 subjects and 6 teaching manuals on 4 subjects for primary schools and 14 text books covering 6 subjects for middle schools were published and distributed throughout the country. The second stage of this responsible work is to be completed within 1936. Meanwhile, some 54 text books covering 12 subjects, compiled soon after the outbreak of the Manchurian Incident by the Educational Department of Fengtien Provincial Government and the South Manchuria Educational Association are authorized for a transitional use.

As the Manchoukuo Government is at present giving almost all of its efforts in the establishment of primary and secondary education all over the country, the question of higher education except the normal school education still remains unsolved. Consequently, the Government has early adopted the policy of sending well-qualified students abroad as far as State funds permit and of helping at government expense those who proceed abroad privately. Since March, 1933, the Government has been dispatching 20 students annually and already three such waves left the country during 1933, 1934, and 1935. Most of the students are studying in Japan. In July, 1935, there were, including all types, 285 Manchou students in Japan, 1 in Germany, and 34 in the Kwantung Leased Territory.

49 Japanese Educational Work in Manchuria

The educational system maintained by the Japanese in Manchuria, though fundamentally similar to that of Japan Proper, is modified so as to meet the conditions peculiar to Manchuria. It is of three kinds.

(1) *Schools for Japanese*

Beginning with two elementary schools for Japanese children in 1906, the educational work in the Kwantung Leased Territory and the S. M. R. Zone had made a rapid progress. The schools in the Leased Territory were built and maintained by the Kwantung Government and those in the Railway Zone by the South Manchuria Railway Company (See Fourth Report, Section 131). Today there are 25 primary schools in the Leased Territory and 46 in the S. M. R. Zone making a total of 71, while there are 4 middle schools in the Leased Territory and 5 in the S. M. R. Zone, making a total of 9. There are also 4 girls' high schools in the Leased Territory and 6 in the S. M. R. Zone. In addition, there are two commercial schools, one established at Dairen in 1910 by the Oriental Association of Tokyo and the Dairen Municipality, and the other at Hsinking in 1920 by the South Manchuria Railway Company. The following table shows the general features of these primary and secondary schools in the Kwantung Leased Territory and the S. M. R. Zone (Cf. Fourth Report, Section 131):

PRIMARY AND SECONDARY SCHOOLS FOR JAPANESE

Classification	Location	Schools	Students	Teachers
Kindergartens	Leased Territory	21	1,783	56
	S. M. R. Zone	37	2,580	67
Primary Schools	Leased Territory	25	21,103	—
	S. M. R. Zone	46	29,453	831
Middle Schools	Leased Territory	4	3,291	—
	S. M. R. Zone	5	2,723	144
Girls' High Schools	Leased Territory	4	3,198	—
	S. M. R. Zone	6	2,982	128
Miscellaneous Schools	Leased Territory	18	4,721	151
	S. M. R. Zone	54	8,264	486

Note: Schools in the Leased Territory as of May 1, 1935; those in the S. M. R. Zone as of March 31, 1936.

To provide advanced training for the professions, the higher professional school system of Japan has been introduced in South Manchuria. There are two colleges and two universities. The South Manchuria Technical College was established at Dairen in 1922 by the South Manchuria Railway Company and provides training in constructive and mechanical engineering. The Normal College was established at Mukden in 1924 also by the South Manchuria Railway Company and has two departments of literature and science. The Technical University of the Kwantung Government was established in 1910, at first as a college and advanced to a university standing in 1923, and provides a three-year preparatory course and a three-year regular course. The Manchuria Medical University of the South Manchuria Railway Company was established in 1911, also at first as a college and advanced to a university standing in 1922 (See Fourth Report, Sections 132 and 144).

JAPANESE COLLEGES AND UNIVERSITIES

	Students	Teachers
South Manchuria Technical College	274	72
Normal College	62	28
Technical University	392	87
Manchuria Medical University	634	111

Note: Technical University as of May 1, 1935; others as of March 31, 1936.

(2) *Schools for Manchurians*

For the education of Manchurians exclusively, public schools of primary grade and middle schools were established and are maintained by the Kwantung Government in the Leased Territory and by the South Manchuria Railway Company in the S. M. R. Zone. A number of primary schools of lower grades is also maintained by the Kwantung Government and a Japanese language school for Manchurians by the South Manchuria Railway Company.

The Kwantung Government and the South Manchuria Railway Company have paid as much attention to the encouragement of vocational education among native youths as to elementary education. These schools may be classified under three groups, namely, agricultural, commercial, and mining schools. Agricultural schools were established at Hsiungyaocheng and Kungchuling in connection with the S. M. R. Agricultural Experimental Stations and at Chinchou; commercial schools were established in commercial centers, such as Dairen, Liaoyang, Mukden, and Yingkou; and a mining school in the mining town of Fushun.

The following table gives a bird's-eye view of the schools for the Manchurian youths (Cf. Fourth Report, Section 130):

SCHOOLS FOR MANCHURIANS

Classification		Schools	Students	Teachers
Primary Schools	Government Schools in Leased Territory	13	14,533	—
	Local Schools in Leased Territory	116	34,737	—
	Public Schools in S. M. R. Zone	10	6,332	117
	Japanese Language School in S. M. R. Zone	1	285	5
Secondary Schools	Port Arthur High School	1	430	—
	South Manchuria High School	1	430	25
Vocational Schools	Commercial Schools	2	42	17
	Agricultural Schools	2	60	18
	Mining Schools	2	314	53

Note: Schools in the Leased Territory as of May 1, 1935; those in the S. M. R. Zone as of March 31, 1936.

(3) *Schools for Chosenese*

As the Chosenese population in Manchuria is growing larger every year, being estimated today at 662,000, the problem of their education has been also growing in importance. The South Manchuria Railway Company maintains 16 common schools embracing 8,106 Chosenese children in the S. M. R. Zone. There are also 566 schools for the education of the Chosenese children in various parts of Manchuria, of which 443 are in Chientao District and Hunchun. Some of them were built by the South Manchuria Railway Company or by its help, others by the Government General of Chosen and a large number by the Chosenese communities or associations. In the fiscal year 1935, 195,000 yen were expended by the South Manchuria Railway Company in this work.

50 Educational Work of Missionaries

The Roman Catholics, the Scotch Mission, the Presbyterian Church of Ireland, and the Danish Missionary Society are all engaged in missionary enterprises in various parts of Manchuria, though small in scale. They are all participating in educational and medical works. A number of small missionary institutions, including kindergartens, grammar schools, grammar schools of higher grade, and high schools are in existence. Theological College, Manchurian Christian College, and Mukden Medical College, all very small, are also maintained by the Missionaries.

APPENDICES

I THE SOUTH MANCHURIA RAILWAY COMPANY

II STATISTICS ON MANCHURIA

III DOCUMENTARY MATERIAL

I THE SOUTH MANCHURIA RAILWAY COMPANY

No. 1 General Balance Sheet

For the Year ending on March 31, 1936

I. ASSETS

Subscribed Capital Stock Uncalled	¥287,792,000
Fixed Assets:—	802,940,465
Railroad	305,196,571
Hotels	5,264,435
Harbours	100,471,385
Collieries	119,794,224
Oil Plant	10,518,429
Equipment for Local Administration	193,027,240
Offices, Employee's Dwellings & Others	68,668,181
Merchandise:—Coal, Iron and Other Products	4,278,135
Material and Supplies	15,080,464
Bonds and Stocks	199,857,554
Cash in Hand	396,232
Deposits in Banks	37,352,422
Loans	342,778,965
Accounts Receivable	252,043
Collateral Securities	9,323,263
Guaranty Funds	15,918
Bills Receivable	6,151,403
Exchange Accounts	1,384,736
Due from Other Concerns	109,170,747
Partial Payments made in Advance	238,288,132
Total	1,983,062,478

II. LIABILITIES

Capital Stock Subscribed	¥800,000,000
Legal Reserve	39,290,000
Special Reserve	189,900,000
Bonds	652,400,000
Deposits	55,033,882
Accounts Payable	1,442,173
Collateral Securities	3,100
Guaranty Funds	5,630,950
Bills Payable	60,100,000
Exchange Accounts	82,387
Employees' Savings Deposits	12,817,564
Employees' Security Deposits	56,954,682
Employees Mutual Relief Society Deposits	5,543,043
Due to Other Concerns	27,413,640
Matured Bonds Unpaid	41,800
Sundry Receipts Unajusted	14,235,512
Balance brought forward from Previous Year	12,649,602
Net Profit for the Year ended March 31, 1936	49,624,142
Total	1,983,062,478

No. 2 S. M. R. Debentures

(1) Amounts Issued, Redeemed, and Outstanding

Fiscal Years	Amounts Issued	Amounts Redeemed	Amounts Outstanding	Interests Paid
1907–1916	¥136,682,000	¥19,526,000	¥117,156,000	¥46,121,000
1917	10,200,000	—	127,356,000	5,887,000
1918	9,800,000	—	137,156,000	6,554,000
1919	60,000,000	—	197,156,000	8,088,000
1920	65,000,000	117,156,000	145,000,000	8,815,000
1921	30,000,000	—	175,000,000	10,585,000
1922	50,000,000	30,000,000	195,000,000	12,423,000
1923	59,000,000	35,000,000	219,052,000	14,194,000
1924	50,000,000	15,000,000	254,052,000	15,756,000
1925	35,000,000	45,300,000	243,752,000	17,096,000
1926	25,000,000	300,000	268,452,000	16,674,000
1927	70,000,000	60,300,000	278,152,000	16,632,000
1928	70,000,000	70,525,000	277,627,000	16,706,000
1929	—	525,000	277,102,000	15,852,000
1930	20,000,000	525,000	296,577,000	16,202,000
1931	30,000,000	10,525,000	316,052,000	17,670,000
1932	79,700,000	6,225,000	389,527,000	21,020,000
1933	145,000,000	156,677,000	377,850,000	20,865,000
1934	160,000,000	225,000	537,625,000	23,152,000
1935	115,000,000	225,000	652,400,000	28,960,000
Total	1,220,434,000	568,034,000	652,400,000	339,253,000

(2) Debentures Outstanding on March 31, 1936

Issues		Amount Outstanding	Date Issued	Date of Maturity	Interest Rate
6		¥2,700,000	Oct. 1917	Oct. 1947	5.5
27		50,000,000	Dec. 1927	Dec. 1937	5.0
28		35,000,000	June 1928	June 1938	5.5
29		35,000,000	Mar. 1929	Mar. 1939	5.5
31		30,000,000	Aug. 1931	Aug. 1938	5.5
32		50,000,000	Aug. 1932	Aug. 1936	6.0
33		20,000,000	Dec. 1932	Dec. 1939	5.5
34	A B	7,150,000 2,550,000	Mar. 1933	Mar. 1943	4.2 5.5
35		30,000,000	May 1933	May 1940	5.0
36		35,000,000	Sept. 1933	Sept. 1934	4.5
37		50,000,000	Nov. 1933	Nov. 1945	4.5
38		30,000,000	Mar. 1934	Mar. 1946	4.5
39		15,000,000	Apr. 1934	Apr. 1948	4.5
40		30,000,000	May 1934	May 1946	4.5
41		40,000,000	Aug. 1934	Aug. 1939	4.5
42		15,000,000	Nov. 1934	Nov. 1948	4.3
43		30,000,000	Jan. 1935	Jan. 1948	4.3
44		30,000,000	Mar. 1935	Mar. 1950	4.3
45		15,000,000	June 1935	June 1949	4.3
46		30,000,000	Aug. 1935	Aug. 1948	4.3
47		30,000,000	Oct. 1935	Oct. 1948	4.3
Electric Company's Loan		10,000,000	Dec. 1935	May 1941	4.5
48		30,000,000	Feb. 1936	Feb. 1949	4.3
Total		652,400,000			

No. 3 S. M. R. Capital Outlay

(1) Capital Outlay for the Fiscal Year 1935

(Ending on March 31, 1936)

	Fiscal Year 1935		1907–1936	
Railways	¥23,956,201	(42.8%)	¥305,196,571	(38.0%)
Hotels	146,612	(0.3%)	5,264,435	(0.7%)
Harbors	7,034,071	(12.6%)	100,471,385	(12.5%)
Coal Mines	11,865,593	(21.2%)	119,794,224	(14.9%)
Shale Oil Plant	897,321	(1.6%)	10,518,429	(1.3%)
Local Public Works	6,649,704	(11.9%)	193,027,240	(24.0%)
Offices, Employees' Dwellings and others	5,400,769	(9.6%)	68,668,181	(8.6%)
Total	55,950,273	(100%)	802,940,465	(100%)

(2) Comparative Growth of Capital Outlay: 1907–1935

At the end of Fiscal Year	Amount	At the end of Fiscal Year	Amount
1907	¥106,570,675	1922	¥506,886,458
1908	136,996,413	1923	536,081,146
1909	156,330,190	1924	573,288,105
1910	183,803,107	1925	598,725,860
1911	206,172,238	1926	593,923,799
1912	217,579,171	1927	644,841,734
1913	228,648,314	1928	671,751,338
1914	237,753,138	1929	716,201,517
1915	242,463,425	1930	742,069,207
1916	248,595,576	1931	758,673,028
1917	264,436,082	1932	758,428,620
1918	287,357,507	1933	737,941,773
1919	369,356,194	1934	777,944,343
1920	430,691,247	1935	802,940,465
1921	474,443,769		

No. 4 Receipts and Expenditures

(1) Receipts and Expenditures for the Fiscal Year 1935

	Receipts	Expenditures	Balance
Railways	¥134,686,176	¥50,655,794	¥84,030,382
Hotels	3,215,464	3,309,076	−93,612
Harbors	14,393,971	10,798,621	3,595,350
Coal Mines	92,559,842	79,862,281	12,697,561
Shale Oil Plant	6,962,095	5,910,853	1,051,242
Local Public Works	9,406,900	23,624,661	−14,217,761
General Affairs	6,667,370	37,668,126	−31,000,756
Interest	34,267,032	40,705,297	− 6,438,265
Total	302,158,850	252,534,708	49,624,142

(2) Comparative Growth of Receipts and Expenditures: 1907–1935

Fiscal Years	Receipts	Expenditures	Balance
1907	¥12,543,116	¥10,526,531	2,016,585
1908	17,615,683	15,502,101	2,113,582
1909	23,113,933	17,342,234	5,771,699
1910	24,777,685	21,069,368	3,708,316
1911	28,155,080	24,487,652	3,667,428

Fiscal Years	Receipts	Expenditures	Balance
1912	¥33,546,477	¥28,620,433	4,926,045
1913	42,417,123	35,249,844	7,167,279
1914	44,670,616	37,126,525	7,541,091
1915	43,786,025	35,705,526	8,080,499
1916	52,402,408	42,294,801	10,107,608
1917	69,429,252	54,503,610	14,925,643
1918	96,257,878	74,064,706	22,193,171
1919	153,133,387	128,758,423	24,374,964
1920	174,738,287	147,346,303	27,391,985
1921	147,100,603	115,714,464	31,386,139
1922	169,956,646	134,876,402	35,080,244
1923	185,698,324	150,902,732	34,795,592
1924	194,181,785	159,628,872	34,552,914
1925	201,598,309	166,733,029	34,865,280
1926	215,614,944	181,457,060	34,157,884
1927	230,558,524	194,284,201	36,274,323
1928	240,427,752	197,874,891	42,552,861
1929	240,998,062	195,492,205	45,505,857
1930	180,104,063	166,430,601	21,673,462
1931	187,054,402	174,455,782	12,598,620
1932	245,940,674	184,652,950	61,287,725
1933	248,001,717	205,081,163	42,920,554
1934	270,666,205	224,201,748	46,467,457
1935	302,158,850	252,534,708	49,624,142

No. 5 Railway Receipts and Expenditures

(1) Railway Receipts and Expenditures: 1907–1935

Fiscal Years	Receipts	Expenditures	Balance
1907	¥9,768,887	¥6,101,615	¥3,667,272
1908	12,537,142	5,161,408	7,375,735
1909	15,016,198	5,818,333	9,197,865
1910	15,671,605	6,542,640	9,128,965
1911	17,526,288	6,908,354	10,617,934
1912	19,907,456	7,846,923	12,060,533
1913	22,275,132	7,913,948	14,361,184
1914	23,216,722	8,345,286	14,871,435
1915	23,894,204	8,174,520	15,719,683
1916	27,815,349	8,435,939	19,379,409
1917	34,457,923	10,858,734	23,599,189
1918	44,992,872	17,038,157	27,954,715
1919	67,060,720	30,528,938	36,531,782
1920	85,316,806	36,760,264	48,556,452
1921	78,204,132	33,172,717	45,031,416
1922	87,813,029	34,169,285	53,643,744
1923	92,269,704	35,787,589	56,482,115
1924	92,561,732	36,553,297	56,008,435
1925	97,395,228	38,800,691	58,594,537
1926	107,923,567	45,951,623	61,971,944
1927	113,244,180	45,235,835	68,008,345
1928	118,639,090	44,358,065	74,281,024
1929	122,103,743	47,213,508	74,890,235
1930	95,330,730	36,768,576	58,562,154
1931	85,476,298	37,290,815	48,185,482
1932	103,846,512	38,795,847	65,050,665
1933	119,676,741	43,910,387	75,766,354
1934	126,526,376	53,281,632	73,243,744
1935	134,686,176	50,655,794	84,030,382

(2) Passenger Traffic: 1907–1935

Fiscal Years	Passenger Traffic	Passenger Receipts
1907	1,512,231	¥3,594,239
1908	1,868,140	2,964,587
1909	2,179,062	3,250,412
1910	2,349,088	3,264,639
1911	3,158,270	4,273,423
1912	3,905,822	5,008,633
1913	4,143,687	5,069,127
1914	3,617,547	4,367,168
1915	3,708,165	4,842,338
1916	4,410,816	6,040,458
1917	5,844,929	8,136,707
1918	7,491,946	10,911,382
1919	9,274,114	14,243,790
1920	8,123,411	14,659,337
1921	6,926,619	12,194,288
1922	7,645,068	12,389,464
1923	8,762,862	13,431,856
1924	8,732,718	13,645,538
1925	9,109,004	14,530,942
1926	8,290,085	15,216,353
1927	8,263,089	16,102,953
1928	9,702,119	17,619,293
1929	10,410,579	17,451,585
1930	8,115,808	11,461,175
1931	6,331,760	9,135,663
1932	8,610,159	14,812,045
1933	11,633,875	18,757,364
1934	13,786,403	20,332,876
1935	15,122,922	22,412,222

(3) Freight Traffic: 1907–1935

Fiscal Years	Freight Traffic	Freight Receipts
1907	1,343,493 Ton	¥6,160,274
1908	2,366,917	9,542,262
1909	3,237,368	11,241,859
1910	3,558,187	11,641,529
1911	4,269,002	12,471,415
1912	4,247,236	13,913,341
1913	5,245,576	16,159,171
1914	5,176,436	17,550,150
1915	5,316,842	17,260,655
1916	5,651,636	19,882,476
1917	6,599,133	23,793,056
1918	7,560,681	30,377,682
1919	9,159,701	46,305,759
1920	9,211,944	63,867,030
1921	9,435,069	59,615,835
1622	10,926,199	69,518,111
1923	12,130,782	72,582,757
1924	13,234,630	77,019,368
1925	13,649,089	80,535,820
1926	15,000,728	89,513,059
1627	16,717,677	94,040,819
1928	17,530,324	97,738,147
1929	18,562,959	101,089,474
1930	15,193,272	77,936,688
1931	15,454,213	70,897,756
1932	16,572,816	85,022,314

Fiscal Years	Freight Traffic	Freight Receipts
1933	18,850,840	94,263,019
1934	21,671,342	101,489,276
1935	20,980,701	103,362,261

(4) Principal Freight Goods Hauled

(In the Fiscal Year 1935)

Articles	Tons	Per cent
Soya Bean	2,439,967	12
Kaoliang	251,716	1
Maize	96,829	—
Millet	135,605	1
Miscellaneous Grains	725,243	3
Lumber	531,105	2
Coal	9,570,806	46
Ores	1,039,710	5
Stone and Gravel	277,743	1
Salt	173,813	1
Cement and Lime	467,553	2
Flour	276,240	1
Bean Cakes	214,938	1
Steel and Iron Products	949,320	4
Miscellaneous Goods	2,500,226	12
Total	19,650,814	94
Company's Freight	1,329,887	6
GRAND TOTAL	20,980,701	100

No. 6 Receipts and Expenditures for Hotels: 1907–1935

Fiscal Years	Receipts	Expenditures	Balance
1907	¥59,393	¥90,220	−¥30,827
1908	145,685	157,658	−11,973
1909	187,193	206,341	−19,148
1910	218,791	295,998	−77,206
1911	251,470	298,241	−46,771
1912	234,948	271,227	−36,279
1913	259,962	280,637	−20,675
1914	253,002	309,801	−56,799
1915	235,556	283,355	−47,799
1916	300,915	307,999	−7,084
1917	475,312	438,702	36,610
1918	737,355	638,985	98,370
1919	1,179,515	1,182,841	−3,326
1920	1,556,055	1,723,810	−167,755
1921	1,085,933	1,305,093	−219,159
1922	1,046,532	1,368,494	−321,962
1923	1,016,914	1,353,504	−336,590
1924	1,095,992	1,339,652	−243,660
1925	1,118,381	1,332,896	−214,514
1926	1,036,929	1,373,738	−336,809
1927	1,000,860	1,264,944	−264,084
1928	Under independent management during these three years.		
1929			
1930			
1931	1,303,095	1,399,852	−96,757
1932	1,837,440	1,925,651	−88,211
1933	2,536,151	2,549,987	−13,836
1934	2,896,590	2,868,332	28,259
1935	3,215,464	3,309,076	−93,612

No. 7 Receipts and Expenditures for Harbors: 1907–1935

Fiscal Years	Receipts	Expenditures	Balance
1907	¥572,493	¥560,151	¥12,342
1908	1,020,828	846,676	174,152
1909	1,380,731	1,133,292	247,439
1910	1,213,318	1,101,813	111,515
1911	1,256,744	1,159,955	96,789
1912	1,688,720	1,489,384	199,336
1913	1,911,717	1,728,911	182,806
1914	2,290,612	1,963,967	326,645
1915	2,292,718	1,921,717	371,001
1916	2,502,121	2,137,880	364,241
1917	3,499,934	3,106,862	393,072
1918	4,532,914	4,494,170	38,744
1919	6,069,884	7,404,932	−1,335,048
1920	7,303,912	7,867,180	−563,268
1921	7,580,560	6,911,904	668,656
1922	8,674,535	7,392,162	1,282,372
1923	7,893,257	7,818,979	74,279
1924	8,763,364	8,686,756	76,608
1925	9,656,044	9,023,022	633,022
1926	9,931,416	8,936,917	994,499
1927	10,275,943	9,305,782	970,160
1928	10,785,436	8,323,601	2,461,835
1929	12,276,104	8,719,477	3,556,627
1930	8,558,705	6,737,631	1,821,075
1931	8,357,948	7,069,224	1,288,724
1932	11,406,069	8,366,610	3,039,458
1933	13,033,597	9,816,595	3,217,001
1934	15,730,059	12,149,759	3,580,300
1935	14,393,971	10,798,621	3,595,350

No. 8 Receipts and Expenditures for Collieries: 1907–1935

Fiscal Years	Receipts	Expenditures	Balance
1907	¥1,484,291	¥931,214	¥553,005
1908	2,702,622	1,675,284	1,027,338
1909	4,025,765	2,795,770	1,229,995
1910	5,748,756	4,081,468	1,667,288
1911	6,463,648	4,285,547	2,178,102
1912	9,193,753	7,347,091	1,846,662
1913	14,372,232	12,571,681	1,800,551
1914	14,075,814	11,858,860	2,216,953
1915	12,648,120	10,640,872	2,007,248
1916	16,644,825	14,444,968	2,199,857
1917	21,913,795	15,888,803	6,024,998
1918	35,819,871	28,682,593	7,137,278
1919	64,752,512	51,153,465	13,599,047
1920	64,774,820	58,707,244	6,067,576
1921	40,004,029	36,708,108	3,295,921
1922	53,139,923	46,424,196	6,715,727
1923	63,915,116	59,836,562	4,078,554
1924	68,698,144	60,595,288	3,102,856
1925	68,453,356	61,986,366	6,466,990
1926	67,154,288	70,665,409	5,488,880
1927	82,787,419	73,039,119	9,748,300
1928	87,167,749	75,565,097	11,602,651
1929	84,364,665	72,089,548	12,275,116
1930	62,441,161	60,627,989	1,813,172
1931	52,731,585	52,714,647	16,938
1932	55,086,168	54,958,362	127,806
1933	70,976,032	65,959,680	5,016,352
1934	85,525,765	75,134,368	10,391,397
1935	92,559,842	79,862,281	12,697,561

No. 9 Receipts and Expenditures for Shale Oil Plant: 1930–1935

Fiscal Years	Receipts	Expenditures	Balance
1930	¥2,615,400	¥2,582,832	¥32,568
1931	3,360,550	3,070,881	289,669
1932	4,191,703	3,653,677	538,027
1933	5,277,106	4,451,609	825,497
1934	3,884,437	3,412,886	471,551
1935	6,962,095	5,910,853	1,051,242

No. 10 Local Administration Works

(1) Local Administration Capital Outlay

Land	¥112,641,225	(59.7%)	¥113,098,811	(58.5%)
Schools	15,569,538	(8.3%)	17,436,786	(9.0%)
Libraries	638,772	(0.3%)	612,105	(0.3%)
Clubs	1,517,791	(0.8%)	2,542,790	(1.4%)
Hospitals	15,293,713	(8.1%)	15,279,457	(7.9%)
Hygienic Research Institute	384,116	(0.2%)	381,577	(0.2%)
Hygienic Stations	654,490	(0.3%)	740,684	(0.4%)
Municipal Equipments	17,255,162	(9.1%)	18,073,430	(9.4%)
Water Works	8,343,907	(4.4%)	9,043,532	(4.7%)
Houses for Rent	8,951,835	(4.7%)	8,645,866	(4.5%)
Agricultural Experimental Stations	719,065	(0.4%)	820,657	(0.5%)
Veterinary Research Institute	376,730	(0.2%)	618,267	(0.3%)
Central Chemical Laboratory	2,308,697	(1.2%)	2,772,731	(1.4%)
Miscellaneous	3,968,252	(2.1%)	2,960,549	(1.5%)
Total	¥188,623,292	100.0%	¥193,027,240	100.0%

(2) Receipts and Expenditures: 1907–1935

Fiscal Years	Receipts	Expenditures	Balance
1907	¥120,794	¥251,006	¥−130,212
1908	274,387	399,303	−124,916
1909	370,961	601,260	−230,299
1910	444,100	941,313	−497,213
1911	467,955	1,083,075	−615,120
1912	633,211	1,401,012	−767,800
1913	900,853	1,951,538	−1,050,686
1914	1,778,545	2,864,200	−1,085,655
1915	1,517,840	2,491,778	−973,938
1916	1,479,600	2,747,159	−1,267,560
1917	1,930,284	3,538,709	−1,608,424
1918	2,545,486	4,952,580	−2,407,094
1919	3,446,141	7,662,300	−4,216,159
1920	3,990,604	10,150,222	−6,159,618
1921	3,954,463	10,386,002	−6,431,539
1922	3,995,249	10,831,659	−6,836,410
1923	4,523,556	12,821,336	−8,297,780
1924	4,363,039	14,127,133	−9,764,094
1925	4,531,474	15,938,196	−11,406,722
1926	5,240,527	17,807,690	−12,567,163
1927	6,098,234	19,104,444	−13,006,211
1928	6,230,083	19,425,207	−13,195,124
1929	4,689,833	18,288,336	−13,598,503
1930	4,586,369	15,305,430	−10,719,061
1931	4,488,883	15,366,294	−10,877,411
1932	4,824,183	16,511,465	−11,687,282
1933	6,184,587	16,854,741	−10,670,154
1934	7,273,779	20,949,973	−13,676,194
1935	9,406,900	23,624,661	−14,217,761

No. 11 Educational Activities

(1) Schools

Schools	No.	Students		Total	Teachers
		Japanese	Manchoukuoans		
Kindergartens	26	2,580	—	2,580	67
(Kindergartens helped)	11				24
Primary Schools	46	29,453	—	29,453	831
Primary Schools for Chosenese	16	(Chosenese) 8,106	—	8,106	180
Primary Schools for Manchoukuoans	10	—	8,604	8,604	117
(Primary Schools for Manchoukuoans helped)	8				63
Japanese Language School	1	—	282	282	5
Vocational Schools	9	675	92 (Others) 461	1,228	28
Young Men's Training School	26	5,613	—	5,613	254
Girls' Schools	13	528	—	528	95
Middle Schools	5	2,723	—	2,723	144
Middle Schools for Manchoukuoans	1	—	407	407	25
Girls' High Schools	6	2,982	—	2,982	128
Commercial School	1	571	—	571	31
Commercial Training Schools	2	57	10	67	16
Agricultural Training Schools	2	14	34	48	17
Technical Training Schools	2	282	24	306	52
Technical College	1	274	—	274	65
Normal College	1	62	—	62	28
Medical University	1	440	194	634	111

(2) Libraries

Number of Libraries	29
Number of Books	529,321
Number of Books Read in a Year	1,210,460
Number of Readers in a Year (Including Readers of Newspapers)	1,316,021

(3) Circulating Libraries

Number of Libraries Circulated in a Year	135
Number ef Books „ „ „ „	14,684
Number of Readers „ „ „ „	4,543

No. 12 Hospitals

(1) Number of Hospitals:

Hospitals	23
Branch Hospitals	3
Sanatorium	2
Total	28

(2) Number of Patients treated at the 26 hospitals and branches during the fiscal year ending on March 31, 1936:

Hospitals	Patients Treated	Patients Accommodated	Total	Daily Average
Wafangtien	32,763	13,098	45,861	125
Tashihchiao	22,697	14,539	37,236	102
Yingkou	50,877	15,494	66,371	181
West Yingkou	3,807	—	3,807	10
Anshan	148,050	85,640	233,690	638

Hospitals	Patients Treated	Patients Accommodated	Total	Daily Average
Liaoyang	43,725	19,887	63,612	174
Suchiatun	28,824	11,415	40,239	110
Tiehling	27,630	14,060	41,690	114
Kaiyuan	26,625	11,450	38,075	104
Ssupingkai	99,543	36,081	135,624	371
Kungchuling	33,187	15,377	48,564	133
Hsinking (1)	258,657	103,836	362,493	990
Hsinking (2)	—	19,136	19,136	52
Fushun	429,724	174,385	604,109	1,652
Penhsihu	18,969	13,001	31,970	87
Antung	142,132	53,074	195,206	533
Kirin	60,519	26,237	86,756	237
Harbin	77,511	23,781	101,292	276
Tsitsihar	63,100	36,997	100,097	273
Tumen	4,669	3,252	7,921	44
Tungliao	4,718	1,928	6,646	37
Chalantun	—	—	—	—
Chihfeng	107	36	143	9
Heiho	38	6	44	6
Mukden	211,493	185,387	396,880	1,084
Mukden Women's Hospital	—	14,554	14,554	39
South Manchuria Sanatorium	4,114	65,221	69,335	189
Total	1,793,479	957,872	2,751,351	7,538

No. 13 Personnel

(1) Number of S. M. R. Employees

S. M. R. Regular Employees	46,993
S. M. R. Regular Employees serving General Direction	6,638
S. M. R. Other Employees	59,284
Total	112,915

(2) Nationalities of S. M. R. Employees

Japanese	42,577
Chosenese	874
Taiwanese	5
Manchoukuoans	69,416
Russians	43
Total	112,915

(3) Salaries Paid by the S. M. R.

(In Yen)

Regular Salaries	77,052,432
Other Personnel Expenses	17,156,504
Total	94,208,936

(Note: 6,638 S. M. R. Employees serving the General Direction are paid by the latter.)

(4) General Direction Employees and Expenses

(Expenses: In M. ¥)

Number of Employees	63,080
Regular Salaries	38,729,632
Other Personnel Expenses	48,708,516

No. 14 S. M. R. Employees' Cooperative Society: 1919-1935

Fiscal Years	Members	Stores	Receipts			Expenditures			Profit
			Sales Yen	Others Yen	Total Yen	Purchases Yen	Expenses Yen	Total Yen	Yen
1919	26,842	30	2,952,431	7,967	2,960,398	2,680,880	272,303	2,953,184	7,214
1920	23,604	33	6,252,290	104,099	6,356,389	6,105,765	623,157	6,728,921	−372,532
1921	23,750	36	4,287,741	47,090	4,334,831	5,484,944	665,882	6,150,826	184,005
1922	23,550	39	6,379,344	68,507	6,447,851	5,759,644	692,128	6,451,772	− 3,920
1923	23,242	47	6,538,291	99,089	6,637,380	5,814,934	651,230	6,466,164	171,216
1924	21,997	47	7,565,765	96,500	7,662,265	6,688,779	693,124	7,381,903	280,362
1925	21,190	54	7,813,271	94,015	7,907,286	6,828,501	760,022	7,588,523	318,763
1926	21,950	59	7,956,371	100,280	8,056,651	6,896,390	817,073	7,713,463	343,188
1927	21,768	59	8,395,815	96,366	8,492,181	7,224,282	853,011	8,077,293	414,888
1928	22,951	63	8,991,930	103,594	9,095,524	7,747,579	899,468	8,647,049	448,476
1929	23,971	66	9,733,205	115,202	9,848,407	8,158,886	1,014,299	8,533,184	315,223
1930	24,306	65	9,212,081	139,915	9,351,996	8,120,181	1,018,871	9,139,052	212,944
1931	23,003	63	8,559,617	135,254	8,694,871	7,428,131	1,010,976	8,439,107	255,764
1932	24,407	62	10,842,735	131,118	10,973,853	9,357,987	1,072,870	10,430,857	542,996
1933	27,229	66	13,432,317	152,423	13,584,740	11,876,069	1,450,349	13,326,419	258,322
1934	33,150	66	16,710,897	184,712	16,895,609	14,614,341	1,596,777	16,211,118	684,491
1935	41,257	70	19,860,200	118,504	19,978,704	17,309,251	2,200,821	19,510,072	468,632

No. 15 Subsidiary Companies

S. M. R. Subsidiary Companies in which the company holds the entire stock number 14 at the end of March, 1936, as follows:

Name	Year	Authorized Capital
Dairen Agricultural Company, Dairen	1929	¥10,000,000
Showa Steel Works Corporation, Anshan	1933	100,000,000
Fushun Cement Company, Fushun	1934	2,500,000
Dairen Ceramic Company, Dairen	1925	600,000
Nippon Paraffin Co., Dairen	1929	2,000,000
Dairen Kisen Kaisha, Dairen	1925	25,700,000
International Express Co., Dairen	1926	5,000,000
Dairen Urban and Interurban Transit Co., Dairen	1936	25,000,000
Fukusho Labor Supply Co., Dairen	1926	1,800,000
Nippon-Manchuria Storage Co., Tokyo	1929	10,000,000
Harbin Proprietary Co., Harbin	1920	500,000
Manshu Nichi-Nichi Shinbun, Dairen	1907	750,000
Manchuria-Chosen Lumber Co., Antung	1919	1,500,000
Hsing-Chung Co., Dairen	1935	10,000,000
Total		¥195,350,000

No. 16 Affiliated Enterprises

Affilitated Enterprises in which the Company holds part shares:

Classification	Number	Total Capital	S. M. R. Shares
Agricultural	1	¥10,000,000	¥9,567,000
	3	M. ¥24,800,000	M. ¥8,694,000
Mining	6	¥15,300,000	¥6,949,000
	3	M. ¥33,000,000	M. ¥15,500,000
	1	£2,000,000	£49,000
Industrial	14	¥76,750,000	¥24,912,500
Commercial	7	¥5,715,000	¥2,312,500
	1	M. ¥500,000	M. ¥50,000
Communication and Transportation	4	¥109,070,000	¥4,139,000
	1	M. ¥3,850,000	M. ¥1,650,000

Classification	Number	Total Capital	S. M. R. Shares
Gas and Electrical	3	¥102,000,000	¥33,483,000
Engineering	3	¥20,500,000	¥9,260,000
Trust, Finance	7	¥29,600,000	¥2,015,000
	1	M. ¥2,000,000	M. ¥250,000
Newspaper	3	¥650,000	¥398,000
Hotel and Restaurant	3	¥2,025,000	¥1,071,000
Miscellaneous	1	¥150,000	¥100,000
	1	M. ¥300,000	M. ¥150,000
Total	63 { 52	¥371,760,000	¥99,207,000
	10	M. ¥64,450,000	M. ¥26,294,000
	1	£2,000,000	£49,000

II STATISTICS ON MANCHURIA

No. 1 Population in Manchuria

(1) Population of Manchoukuo by Provinces

(December 31, 1934)

Provinces	Manchoukuoans	Japanese	Chosenese	Foreigners	Total
Kirin	4,757,356	9,774	30,013	334	4,797,477
Lungkiang	2,162,137	8,896	3,494	557	2,175,084
Heiho	50,051	741	1,293	651	52,736
Sankiang	895,076	1,942	15,204	160	912,382
Pinkiang	4,167,571	2,819	39,427	140	4,209,957
Chientao	153,163	7,202	439,093	225	599,683
Antung	2,736,167	556	46,879	40	2,783,642
Fengtien	9,431,831	7,737	69,577	886	9,510,031
Chinchow	3,270,472	5,529	1,047	51	3,277,099
Jehol	2,606,472	4,035	602	48	2,611,157
Hsinking Special Municipality	136,917	7,424	1,563	38	145,942
Harbin Special Municipality	401,299	14,788	7,245	60,133	483,465
North Manchuria Special District	205,579	3,190	2,595	7,415	218,779
West Hsingan	401,811	147	186	14	402,158
South Hsingan	583,590	1,161	4,597	7	589,355
East Hsingan	56,165	356	46	474	57,041
North Hsingan	36,562	132	—	6,372	43,066
Total	32,052,219	76,429	662,861	77,545	32,869,054

(Based upon the statistics compiled by the Statistics Bureau of the Manchoukuo Government)

(2) Population of Principal Cities

(December 31, 1935)

Cities	Male	Female	Total
Hsinking*	155,420	93,006	248,426
Mukden*	279,735	163,494	443,229
Harbin	291,408	166,971	458,379
Kirin	75,000	53,754	128,754
Tsitsihar	59,248	37,404	96,652
Tumen			27,790
Heiho	7,791	4,000	11,791
Chinchou	49,958	37,737	87,695
Chengte	26,610	20,341	46,951
Fushun*	25,110	16,546	41,656
Antung*	56,710	32,475	89,185
Yingkou	75,354	48,182	123,536

(Based upon statistics compiled by the Statistics Bureau of the Manchoukuo Government)

* Those figures do not include the population of S. M. R. Zone which is as follows:

Cities	Manchoukuoans	Japanese	Chosenese	Foreigners	Total
Hsinking	27,395	32,430	2,957	313	63,095
Mukden	20,237	61,023	1,792	660	84,012
Fushun	23,288	17,639	2,555	33	43,515
Antung	46,942	15,156	14,938	17	77,053

Cities	Manchoukuoans	Japanese	Chosenese	Foreigners	Total
Anshan	16,923	15,470	707	27	33,127
Yingkou	1,356	4,108	301	—	5,774
Dairen	224,998	134,329	2,353	1,128	362,808

(Based on the statistics compiled by the Kwantung Bureau)

(3) Population of Kwantung Leased Territory: 1907–1935

Years	Manchoukuoans	Japanese	Chosenese	Foreigners	Total
1907	385,006	24,572	?	74	409,652
1910	425,599	36,668	20	112	462,399
1915	490,584	50,176	77	141	540,978
1920	592,913	73,894	396	179	667,382
1925	665,989	90,542	834	441	757,806
1930	820,534	116,052	1,792	734	939,114
1931	816,114	119,770	1,747	657	938,288
1932	832,488	125,935	2,002	721	961,146
1933	862,307	139,016	2,259	857	1,004,439
1934	898,117	149,492	2,708	1,041	1,051,358
1935	955,514	159,749	3,251	1,356	1,119,870

(Based upon the statistics compiled by the Kwantung Bureau)

(4) Population of the S. M. R. Zone: 1907–1935

Years	Manchoukuoans	Japanese	Chosenese	Foreigners	Total
1907	11,061	13,313	?	3	24,377
1910	31,774	25,266	384	13	57,437
1915	60,225	34,396	449	181	95,251
1920	113,849	61,576	2,048	378	177,851
1925	180,534	83,620	9,005	1,466	274,625
1930	235,016	99,411	15,901	1,769	352,097
1931	214,370	100,268	20,794	1,465	336,897
1932	216,839	116,589	27,956	1,336	362,720
1933	235,234	139,973	27,781	1,328	404,316
1934	251,832	165,375	27,855	1,180	446,242
1935	278,385	190,508	31,415	1,088	501,396

(Based upon the statistics compiled by the Kwantung Bureau)

No. 2 Manchoukuo's Budgets: 1934–1936

(A) General Accounts Budget

Revenue Estimates

(In M. ¥)

Classifications	1st Year Kangte Jul. '34–Jun. '35	2nd Year Kangte Jul.–Dec. 1935	3rd Year Kangte Jan.–Dec. 1936
Ordinary:			
Taxes and Duties	140,475,587	75,664,000	161,757,000
Customs Revenue	72,041,107	46,628,000	84,761,000
Internal Revenue	46,818,480	20,148,000	53,148,000
Salt Gabelle	21,616,000	8,888,000	23,848,000
Stamp Revenue	8,131,120	3,417,000	8,639,000
Monopoly Profits..............	8,208,000	4,863,395	
Monopoly Bureau Profits	4,000,000	3,888,330	13,234,000
Kirin-Heilungkiang Salt Transportation Office...	3,500,000	900,065	2,600,000
Others	708,000	75,000	
Revenues from State Industries and Other Sources	6,506,367	4,661,338	7,003,730
Total	163,321,074	88,605,733	193,234,056

Classifications	1st Year Kangte Jul. '34–Jun. '35	2nd Year Kangte Jul.–Dec. 1935	3rd Year Kangte Jan.–Dec. 1936
Extraordinary:			
General	3,040,130	4,556,736	4,009,678
From Special Accounts	750,000	425,642	2,925,489
Loan Funds	5,000,000	5,000,000	10,000,000
Surplus from Previous Year	16,613,854	6,410,000	9,145,777
Total	25,403,984	16,392,967	26,170,944
GRAND TOTAL.........	188,725,058	104,998,700	219,405,000

Expenditures

(In M. ¥)

Jurisdiction	1st Year Kangte	2nd Year Kangte	3rd Year Kangte
Dept. of Imperial Household	2,000,000	1,000,000	2,000,000
Ordinary	2,000,000	1,000,000	2,000,000
Extraordinary	—	—	—
General Affairs Board ...	45,494,198	23,594,038	48,914,521
Ordinary	10,473,191	4,339,172	9,910,150
Extraordinary	35,021,007	19,254,866	39,004,371
General Administrative Office for Hsingan Province	2,860,703	—	—
Ordinary	2,442,348		
Extraordinary	418,355		
Dept. of Civil Affairs ...	32,009,586	21,333,533	40,073,711
Ordinary	23,663,687	13,428,664	24,205,777
Extraordinary	8,345,899	7,904,869	15,867,934
Dept. of Foreign Affairs	1,579,414	974,605	1,531,347
Ordinary	1,421,393	608,349	1,185,423
Extraordinary	158,021	366,256	345,924
Dept. of Defence	58,272,031	32,150,658	73,545,130
Ordinary	49,230,393	25,529,612	60,871,899
Extraordinary	9,041,638	6,621,046	12,673,231
Dept. of Finance...........	23,722,723	10,820,529	25,394,281
Ordinary	13,645,067	7,095,394	14,229,270
Extraordinary	10,077,656	3,725,135	11,165,011
Dept. of Industry	5,199,984	3,253,419	5,625,368
Ordinary	2,374,732	1,527,522	2,890,266
Extraordinary	2,825,252	1,725,897	2,733,102
Dept. of Communications	3,448,151	2,581,712	4,115,722
Ordinary	3,128,234	1,299,604	2,689,268
Extraordinary	319,917	1,282,108	1,426,454
Dept. of Justice	8,024,000	4,709,448	9,886,130
Ordinary	7,882,400	4,602,259	9,671,752
Extraordinary	141,600	107,189	214,378
Dept. of Education........	6,114,263	3,055,814	5,090,043
Ordinary	5,000,585	2,416,472	4,421,676
Extraordinary	1,113,683	639,342	668,367
Dept. of Mongolia		1,524,944	3,230,747
Ordinary	—	1,069,978	2,247,329
Extraordinary	—	454,966	983,418
Ordinary	121,262,030	62,917,026	134,322,810
Extraordinary	67,463,028	42,081,674	85,082,190
Total	188,725,058	104,998,700	219,405,000

(B) Special Accounts Budget

Revenues

(In M. ¥)

Classifications	1st Year Kangte Jul. '34–Jun. '35	2nd Year Kangte Jul.–Dec. 1935	3rd Year Kangte Jan.–Dec. 1936
General Affairs			
Board			
Sinking Fund	5,542,354	4,756,502	6,837,854
Adjustment Fund for Old Loans Secured on Customs Duties and Salt Gabelle	32,313,900	36,173,052	46,497,739
Supplies	11,316,635	5,233,010	7,690,450
Capital Construction Bureau	9,661,015	6,018,080	6,424,919
Dept. of Defence			
Army Clothing Factory	7,296,771	3,148,797	4,620,300
Arsenal	7,000,000	2,000,000	3,300,000
Dept. of Finance			
State Properties Adjustment Fund.........	4,645,050	2,924,076	4,907,366
Investments	12,120,680	11,724,144	10,656,884
Opium Monopoly ......}	25,724,000	14,609,103	37,692,641
Oil Monopoly ....}		10,549,303	20,176,718
Salt Transportation Office	17,310,277	7,272,752	17,566,451
Railway Loans............	—	24,659,356	49,383,237
Dept. of Industry			
State Forestry Enterprise	—	—	10,577,600
Dept. of Communications			
Postal Administration	3,503,451	2,449,930	5,220,918
Total	136,434,133	131,518,108	231,553,077

Expenditures

(In M. ¥)

Classifications	1st Year Kangte	2nd Year Kangte	3rd Year Kangte
General Affairs			
Board			
Sinking Fund	5,542,354	4,756,502	6,837,854
Adjustment Fund for Old Loans Secured on Customs Duties and Salt Gabelle	32,313,900	—	—
Supplies	11,354,967	5,171,918	7,690,450
Capital Construction Bureau	8,750,137	6,018,080	6,300,508
Dept. of Defence			
Army Clothing Factory	7,397,189	3,143,419	4,649,029
Arsenal	7,000,000	2,000,000	3,300,000
Dept. of Finance			
State Properties Adjustment Fund.........	4,491,922	2,548,537	3,928,458
Investments	12,120,680	11,724,144	10,656,884
Opium Monopoly ......}	21,158,872	20,354,948	32,135,389
Oil Monopoly............}		8,908,586	17,090,472
Salt Transportation Office	13,323,233	6,255,872	16,120,941
Railway Loans............	—	24,659,356	49,383,237
Dept. of Industry			
State Forestry Enterprise	—	—	10,370,165
Dept. of Communications			
Postal Administration	3,503,451	2,449,930	5,220,918
Total	126,956,705	97,991,292	173,684,305

No. 3 Money and Banking

(1) THE CENTRAL BANK OF MANCHOU

(A) General Balance Sheets: 1933–1935

I. ASSETS

(Unit: M. ¥1,000)

Account	Dec. 1933	Dec. 1934	Dec. 1935
Capital Unpaid	15,000	15,000	15,000
Advances to the Government	19,100	24,600	52,946
Time Loans	20,713	23,344}	68,669
Time Loans on Mortgage............	26,014	46,040}	
Overdrafts	27,085	60,965	43,009
Loans Outstanding	10,987	10,144	4,376
Deposits with other Banks	58,119	50,440	82,062
Liabilities of Customers against Acceptance and Guarantee	750	504	231
Short-term Advances	10,067	11,896	1,660
Various Securities	50,320	58,973	60,050
Bullions	27,986	38,539	50,448
Bank Properties	21,617	21,312	20,800
Cash on Hand	4,474	7,566	10,684
Total....................................	292,233	369,323	411,938

II. LIABILITIES

(Unit: M. ¥1,000)

Account	Dec. 1933	Dec. 1934	Dec. 1935
Capital Subscribed	30,000	30,000	30,000
Legal Reserve	285	777	1,380
Notes Issued	129,224	168,333	178,655
Government Deposits..................	32,853	51,210	73,734
Fixed Deposits	4,733	7,887	21,036
Current Deposits	24,560	22,431	30,030
Special Current Deposits	3,030	5,480	8,577
Deposits at Notice	5,234	11,402	12,888
Other Deposits	1,118	2,960	5,667
Bills Issued..................................	96	85	146
Loans from Other Banks	18,266	20,669	18,000
Bills Payable................................	2,035	2,011	1,677
Acceptance and Guarantee	750	504	231
Short-term Deposits	39,164	44,520	28,560
Balance Carried Over..................	106	230	413
Net Profit	779	824	939
Total....................................	292,233	369,323	411,938

(B) Amount of Notes Issued and Specie Reserve

(Unit: M. ¥1,000)

Years	Amount Issued	Special Reserve	Percentage of Reserve	Security Reserve
Jul. 1932	142,235	80,490	56.6	61,775
Dec. „	151,865	77,849	51.3	74,016
Jan. 1933	154,852	87,859	56.7	66,992
Feb. „	146,441	83,033	56.7	63,408
Mar. „	136,353	79,066	58.0	57,288
Apr. „	130,081	73,622	56.6	56,460
May. „	124,194	73,258	59.0	50,936
Jun. „	112,264	76,060	67.8	36,204
Jul. „	110,365	75,357	68.3	35,009
Aug. „	107,490	71,933	66.9	35,557
Sept. „	108,411	69,143	63.8	39,268

Years	Amount Issued	Special Reserve	Percentage of Reserve	Security Reserve
Oct. 1933	111,870	62,905	56.2	48,965
Nov. „	113,654	63,034	55.5	50,620
Dec. „	129,224	67,568	52.3	61,656
Jan. 1934	129,810	68,529	52.2	61,281
Feb. „	134,028	68,687	51.2	65,340
Mar. „	125,597	68,051	54.2	57,546
Apr. „	115,858	64,808	55.9	51,050
May „	106,145	58,409	55.0	47,736
Jun. „	100,541	59,962	59.6	40,579
Jul. „	102,121	59,862	58.6	42,260
Aug. „	109,312	62,130	56.8	47,182
Sept. „	114,011	64,618	56.7	49,393
Oct. „	122,797	68,119	55.5	54,678
Nov. „	144,145	75,483	52.4	68,663
Dec. „	168,333	74,819	44.4	93,514
Jan. 1935	172,562	81,217	47.1	91,346
Feb. „	161,950	71,425	44.1	90,525
Mar. „	146,914	66,430	45.2	80,483
Apr. „	131,100	60,780	46.4	70,320
May „	120,676	58,382	48.4	62,294
Jun. „	113,692	59,596	52.4	54,097
Jul. „	114,562	62,939	54.9	51,623
Aug. „	124,665	64,027	51.3	60,637
Sept. „	121,662	65,460	53.8	56,202
Oct. „	134,973	69,729	51.7	65,244
Nov. „	147,770	75,490	51.1	72,280
Dec. „	178,656	92,231	51.6	86,425
Jan. 1936	170,564	98,591	57.8	71,974
Feb. „	178,491	97,059	54.4	81,433

(C) Amount of Coins Issued: 1933–1936

(Unit: M. ¥)

May 1933	9,950
Jun. „	144,450
Jul. „	271,200
Aug. „	288,070
Sept. „	475,480
Oct. „	786,980
Nov. „	1,346,480
Dec. „	2,168,830
Jan. 1934	2,508,680
Feb. „	4,051,930
Mar. „	5,291,880
Apr. „	6,867,630
May „	10,185,630
Jun. „	10,730,480
Jul. „	11,481,280
Aug. „	11,686,930
Sept. „	11,846,880
Oct. 1934	12,039,780
Nov. „	13,737,230
Dec. „	15,772,230
Jan. 1935	17,275,730
Feb. „	18,561,730
Mar. „	20,055,230
Apr. „	20,283,930
May „	20,283,930
Jun. „	20,283,930
Jul. „	20,283,930
Aug. „	20,283,935
Sept. „	20,283,930
Oct. „	20,283,930
Nov. „	20,283,930
Dec. „	20,283,930
Jan. 1936	20,283,930
Feb. „	20,345,530

(Figures are based upon the statistics compiled by the Research Department of Central Bank of Manchou)

(2) RURAL CREDIT ASSOCIATIONS

(A) Rural Credit Association: 1933–1936

Years	Numbers	Members	Loans Advanced	Deposits Received
May 1933	2	739	M. ¥52,583	M. ¥14,276
Jun. „	„	1,526	123,533	14,356
Jul. „	„	1,526	152,444	15,012

Years	Numbers	Members	Loans Advanced	Deposits Received
Aug. 1933	2	1,527	169,809	14,670
Sept. „	„	1,737	190,161	29,906
Oct. „	„	1,778	205,984	17,269
Nov. „	„	1,779	202,376	19,525
Dec. „	4	2,324	182,273	75,840
Jan. 1934	6	2,877	198,473	95,321
Feb. „	8	3,445	220,949	18,007
Mar. „	10	5,119	253,635	138,065
Apr. „	11	6,573	413,898	177,180
May „	12	8,722	666,291	180,851
Jun. „	„	11,073	952,830	230,753
Jul. „	13	12,075	1,205,191	349,938
Aug. „	„	12,750	1,420,442	415,791
Sept. „	„	14,077	1,591,313	367,038
Oct. „	„	14,901	1,710,168	384,027
Nov. „	„	15,202	1,738,301	351,071
Dec. „	„	15,307	1,746,624	456,622
Jan. 1935	„	17,195	1,954,759	535,314
Feb. „	„	17,800	1,951,038	492,846
Mar. „	47	29,658	2,238,510	573,298
Apr. „	48	38,939	2,854,828	1,125,588
May „	52	55,868	4,338,742	1,300,587
Jun. „	„	64,344	5,674,869	1,420,771
Jul. „	„	66,192	6,584,131	1,344,345
Aug. „	„	68,196	7,070,371	1,309,687
Sept. „	79	70,736	7,284,019	1,236,425
Oct. „	82	74,091	7,198,301	1,202,791
Nov. „	„	79,752	6,861,669	1,551,799
Dec. „	„	86,975	6,327,619	2,102,983
Jan. 1936	„	89,143	6,716,696	2,562,841

(B) Distribution According to Provinces

(January, 1936)

Provinces	Numbers	Members
Kirin	12	12,691
Lungkiang	13	10,688
Sankiang	3	2,358
Pinkiang	12	9,599
Antung	5	2,849
Mukden	23	35,415
Chinchow	9	12,754
Jehol	4	2,412
South Hsingan	1	377
Total	82	89,143

No. 4 Foreign Trade of Manchoukuo

(1) Values of Foreign Trade: 1907–1935

(Unit: H. K. Tael)

Years	Import	Export	Total	Balance
1907	30,685,152	22,042,323	52,727,475	− 8,642,829
1908	53,112,034	47,585,123	100,697,157	− 5,526,911
1909	69,159,331	83,026,018	152,185,349	+ 13,866,687
1910	81,731,940	88,999,422	170,731,362	+ 7,267,482
1911	94,797,846	103,733,492	198,531,338	+ 8,935,646
1912	102,232,018	100,166,041	202,398,059	− 2,065,977
1913	125,683,660	113,041,999	238,725,659	− 12,641,661
1914	112,409,981	109,331,936	221,471,917	− 3,078,045
1915	108,111,646	130,084,502	238,196,148	+ 21,972,856

Years	Import	Export	Total	Balance
1916	129,555,872	130,807,129	260,363,001	+ 1,251,257
1917	158,562,010	161,120,501	319,682,511	+ 2,558,491
1918	177,219,156	166,856,166	344,075,322	− 10,362,990
1919	231,303,593	212,008,762	443,312,355	— 19,294,831
1920	205,129,156	225,926,429	431,055,880	+ 20,796,978
1921	218,187,674	234,407,892	452,595,566	+ 16,220,218
1922	196,432,072	274,661,906	471,093,978	+ 78,229,834
1923	207,055,228	293,928,940	500,984,168	+ 86,873,712
1924	200,648,460	269,018,082	469,666,552	+ 68,369,612
1925	244,721,505	312,368,194	557,089,699	+ 67,646,689
1926	276,840,619	370,742,398	647,583,017	+ 93,910,779
1927	268,913,586	408,036,179	676,949,765	+139,122,593
1928	302,955,904	434,035,424	736,991,328	+131,079,520
1929	329,603,869	425,651,491	755,225,360	+ 96,047,622
1930	306,354,620	396,714,056	703,068,676	+ 90,359,436
1931	218,948,972	463,868,941	692,817,913	+254,919,969
		(Unit: M. ¥)		
1932	337,672,748	618,156,837	955,829,585	+280,484,089
1933	515,832,425	448,477,605	964,310,030	− 67,354,820
1934	593,562,248	448,426,567	1,041,988,815	−145,135,681
1935	604,149,359	421,077,753	1,025,227,112	−183,071,606

(2) Values of Total Exports and Imports: 1932–1935

(Unit: M. ¥)

Export or Import	1932	1933	1934	1935
Export:				
Export of Domestic Goods	599,760,999	423,789,142	419,955,840	391,544,649
Re-export of Foreign Goods	18,395,838	24,688,463	28,470,727	29,533,104
Total	618,156,837	448,477,605	448,426,567	421,077,753
Import:				
Import of Foreign Goods	337,672,748	515,687,078	593,466,680	604,056,413
Re-import of Domestic Goods	—	145,347	95,568	92,946
Total	337,672,748	515,832,425	593,562,248	604,149,359
Total Values of Exports & Imports	955,829,585	964,310,030	1,041,988,815	1,025,227,112
Excess of Exports	280,484,089	—	—	—
Excess of Imports	—	67,354,820	145,135,681	183,071,606

(3) Total Values of Trade, 1932–1935: By Countries

(Unit: M. ¥)

Countries	1932	1933	1934	1935
Japan	375,604,250	491,075,927	555,558,478	617,751,466
Chosen	57,417,593	58,572,986	71,718,357	56,215,525
China	244,343,302	151,592,262	123,288,969	97,345,487
Russia	41,933,712	20,927,207	13,298,945	5,830,064
Hongkong	14,674,850	14,504,769	10,445,258	10,286,766
British India	22,797,053	15,793,514	24,589,065	26,522,067
Netherlands India	5,658,274	7,373,978	8,404,414	5,763,385
Great Britain	19,080,681	16,012,886	25,533,957	33,703,132
France	4,188,854	3,326,881	3,485,900	4,032,554
Germany	80,583,976	76,971,850	65,796,123	47,540,505
Belgium	2,413,980	1,571,968	1,894,222	2,659,585
Netherlands	6,675,376	6,341,634	8,460,755	10,890,547
Italy	2,360,208	2,313,847	5,004,937	5,220,378
U. S. A.	25,145,558	36,565,293	41,193,106	40,531,730
Others	52,951,918	61,364,968	83,316,329	60,933,921
Total	955,829,585	964,310,030	1,041,988,815	1,025,227,112

(4) Values of Exports and Imports, 1932–1935: By Countries

(Unit: M. ¥)

Countries	1932		1933		1934		1935	
	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.
Japan	192,683,576	182,920,674	177,326,651	313,749,276	172,262,488	383,295,990	183,522,717	434,228,749
Chosen	43,177,683	14,239,910	32,414,311	26,158,675	46,412,910	25,305,456	33,769,419	22,446,106
China	183,230,320	61,112,982	71,770,875	79,821,389	65,694,407	57,594,562	65,352,588	31,992,899
Russia	34,411,148	7,522,564	13,359,514	7,567,693	8,423,177	4,875,768	4,661,837	1,168,227
Hongkong	5,667,288	9,007,562	6,498,848	8,005,921	6,848,584	3,596,674	7,528,136	2,758,630
British India	2,131,405	20,665,648	1,090,684	14,702,830	645,539	23,943,526	2,701,172	23,820,895
Netherlands India	5,416,698	241,576	4,049,949	3,324,029	1,709,509	6,694,905	701,032	5,062,353
Great Britain	11,065,433	8,015,248	8,822,620	7,190,266	16,218,009	9,315,948	24,221,125	9,482,007
France	3,074,462	1,114,392	2,547,559	779,322	2,921,120	564,780	3,569,770	462,784
Germany	74,072,930	6,511,046	66,394,721	10,577,129	53,310,482	12,485,641	32,798,720	14,741,785
Belgium	1,508,706	905,274	280,881	1,291,087	1,190,409	703,813	1,148,098	1,511,487
Netherlands	6,311,676	363,700	5,914,220	427,414	8,072,693	388,062	10,075,070	815,477
Italy	2,210,028	150,180	1,854,795	459,052	4,303,261	701,676	3,863,633	1,356,745
U. S. A.	5,077,654	20,067,904	7,603,515	28,961,778	5,966,010	35,227,096	15,596,059	24,935,671
Others	48,117,830	4,834,088	48,548,464	12,816,564	54,447,978	28,868,351	31,568,377	29,365,544
Total	618,156,837	337,672,748	448,477,605	515,832,425	448,426,567	593,562,248	421,077,753	604,149,359

(5) Values of Exports and Imports, 1932–1935: By Ports

(Unit: M. ¥)

Ports of Entry		1932	1933	1934	1935
Dairen	Exp.	423,049,551	337,544,843	335,182,147	315,370,689
	Imp.	269,970,454	389,231,516	449,246,238	464,375,263
Antung	Exp.	68,421,758	46,393,484	44,735,202	35,897,896
	Imp.	25,331,770	61,448,399	77,371,646	75,685,206
Yingkou	Exp.	88,577,098	43,215,348	36,315,942	41,606,249
	Imp.	24,656,978	37,091,739	29,049,491	25,174,355
Shanhai-Kwan	Exp.	—	3,695,698	8,620,651	8,357,059
	Imp.	—	5,424,251	8,104,761	5,246,585
Harbin	Exp.	34,283,534	12,988,700	8,902,711	3,004,777
	Imp.	11,899,530	8,214,506	4,573,274	4,906,173
Lungchingtsun	Exp.	2,054,321	2,376,383	1,427,957	—
	Imp.	4,904,064	7,243,291	4,423,309	—
Tumen	Exp.	1,770,575	1,453,212	11,928,190	15,143,464
	Imp.	909,952	4,842,563	16,725,481	27,496,984
Jehol	Exp.	—	809,937	1,313,767	1,697,646
	Imp.	—	2,336,160	4,068,048	1,265,793

(6) Bean and Bean Products Exported: 1926–1935

(Unit: Metric Ton)

A. By Ports

(A) SOYA BEAN

Years	Dairen	Yingkou	Antung	Vladivostok	Total
1926	838,688	91,606	7,639	599,934	1,537,877
1927	925,377	56,507	24,011	749,779	1,755,674
1928	1,221,264	69,862	16,367	891,896	2,199,389
1929	1,779,536	77,317	14,927	820,710	2,692,490
1930	1,646,603	113,659	13,946	461,090	2,235,298
1931	1,282,265	324,350	17,147	852,903	2,476,665
1932	1,623,202	262,100	58,604	627,300	2,571,206
1933	1,924,347	138,405	23,117	198,641	2,284,510
1934	2,046,643	88,097	21,294	261,549	2,417,583
1935	1,595,667	186,017	14,544	—	1,796,228

(B) BEAN CAKE

Years	Dairen	Yingkou	Antung	Vladivostok	Total
1926	1,254,981	180,299	127,934	368,038	1,931,258
1927	1,225,112	149,020	190,931	506,569	2,071,632
1928	834,955	163,182	154,900	446,960	1,599,997
1929	736,329	166,926	137,434	366,142	1,406,831
1930	872,222	131,607	107,690	403,152	1,514,671
1931	821,597	251,354	121,796	461,815	1,657,562
1932	929,112	253,520	132,728	246,195	1,561,555
1933	721,538	225,834	102,662	615	1,050,652
1934	840,948	183,166	109,968	—	1,134,082
1935	754,384	127,732	81,611	—	963,767

(C) BEAN OIL

Years	Dairen	Yingkou	Antung	Vladivostok	Total
1926	121,016	9,325	13,891	30,812	175,044
1927	130,520	13,380	10,339	44,328	198,567
1928	88,303	14,216	10,241	20,828	133,388
1929	91,181	8,066	8,471	2,021	109,739
1930	126,034	6,171	6,910	6,997	146,162
1931	120,740	16,537	1,312	6,607	145,196
1932	125,230	13,332	6,924	4,294	149,780
1933	61,859	8,198	4,687	—	74,744
1934	74,204	7,402	5,821	—	87,427
1935	89,164	5,523	4,500	—	99,187

B. By Countries

(A) SOYA BEAN

Years	Japan	Europe	China	U. S. A.	Others	Total
1926	428,717	672,410	340,510	402	95,838	1,537,877
1927	405,089	959,810	299,042	88	91,645	1,755,674
1928	409,839	1,455,464	233,756	123	100,207	2,199,389
1929	571,257	1,719,439	315,093	524	86,179	2,692,490
1930	527,165	1,311,962	297,432	24	98,715	2,235,298
1931	506,800	1,452,311	427,564	141	89,849	2,476,665
1932	512,033	1,385,434	600,441	109	73,189	2,571,206
1933	451,229	1,645,637	132,717	—	55,961	2,284,510
1934	497,661	1,799,745	75,483	—	44,694	2,417,583
1935	534,702	1,052,703	165,914	8	28,362	1,796,228

(B) BEAN CAKE

Years	Japan	Europe	China	U. S. A.	Others	Total
1926	1,544,754	3,047	364,808	18,649	—	1,931,258
1927	1,580,384	1,138	468,770	21,295	45	2,071,632
1928	1,202,845	2,572	359,209	35,169	202	1,599,997
1929	1,068,209	47,876	243,015	47,609	122	1,406,831
1930	1,200,368	17,658	255,092	41,404	149	1,514,671
1931	1,217,688	34,854	385,207	19,450	273	1,657,562
1932	971,478	65,690	508,683	15,227	477	1,561,555
1933	720,684	70,690	234,697	24,120	461	1,050,652
1934	925,311	26,262	159,290	21,643	1,576	1,134,082
1935	712,247	28,621	166,466	52,816	3,577	963,767

(C) BEAN OIL

Years	Japan	Europe	China	U. S. A.	Others	Total
1926	663	121,931	38,237	13,874	339	175,044
1927	286	153,587	38,514	6,157	23	198,567
1928	392	59,354	67,035	6,591	16	133,388
1929	309	31,273	64,739	13,046	—	109,739
1930	243	111,273	26,425	7,087	1,129	146,162
1931	806	76,445	63,512	4,405	28	145,196
1932	138	40,187	109,242	209	4	145,780
1933	122	34,026	38,423	2,173	1	74,744
1934	403	57,682	28,759	590	1	87,427
1935	461	68,819	20,339	7,599	1,969	99,187

(7) Values of Principal Articles Exported

(Unit: M. ¥)

Description of Articles	1935	Description of Articles	1935
Pig's Hair	2,796,595	Hemp Seeds	5,648,588
Hides	899,599	Perilla Seeds	7,533,082
Furs	3,234,194	Sesamum Seeds	3,122,001
Soya Beans	130,053,055	Forage, Mixed	3,220,047
Beans, Other Kinds	13,055,930	Coal	40,473,980
Buckwheat	2,494,433	Shale Oil	1,278 885
Kaoliang	3,993,135	Timber	3,847,748
Maize	1,470,218	Wind Silk	7,278,999
Millet	9,049,721	Sheep's Wool	1,447,097
Beancakes	51,370,086	Cotton Yarn	5,623,860
Ginseng	938,893	Pig Iron	10,329,457
Bean Oil	20,132,208	Sulphate of Ammonia	6,051,084
Wax, Crude	1,206,375	Salt	4,663,349
Groundnuts	15,140,649		

(8) Values of Principal Articles Imported

(Unit: M. ¥)

Description of Articles	1935
Cotton Piece Goods, Crey	24,626,491
Cotton Piece Goods, Bleached or Dyed	25,250,604
Cotton Piece Goods, Printed	7,483,328
Cotton Piece Goods, Miscellaneous	2,979,484
Raw Cotton	9,406,593
Cotton Yarn	7,937,559
Gunny Bags	14,640,550
Woollen Fabrics	11,342,804
Artificial Silk	8,051,145
Silk Fabrics	19,709,051
Copper	4,463,883
Iron and Steel	51,539,998
Machinery and Tools	34,612,607
Vehicles and Vessels	39,844,471
Electrical Appliances and Materials	15,280,977
Marine Products	8,556,841
Tea	3,136,013
Rice and Paddy	11,567,240
Wheat Flour	53,988,584
Fruits	7,852,186
Sugar	12,973,926
Wines and Beverages	7,965,124
Cigarettes	1,933,940
Cigars	6,067,286
Soda Ash	1,600,522
Dyes, Pigments and Paints	6,744,902
Gasoline, Naphtha and Benzine (Mineral)	5,375,045
Kerosene Oil	2,227,900
Lubricating Oil	2,849,052
Soap	2,205,915
Paper	12,959,291
Paper Manufactures	5,862,782
Furs	1,421,425
Timber	14,310,189
Cement	3,543,365
Rubber Boots and Shoes	8,437,757

(Based upon the "Annual Returns of the Foreign Trade of Manchoukuo" compiled by the Department of Finance.)

No. 5 Agriculture

(1) Land Cultivation, December, 1934

(Unit: Hectare)

Provinces	Area	Cultivated	%	Cultivable Lands Cultivable	%	Total	%
Kirin	11,276,770	2,970,730	26.3	1,648,130	14.7	4,618,860	41.0
Lungkiang	16,042,130	1,730,790	10.8	6,492,490	40.5	8,223,280	51.3
Heiho	2,858,260	46,080	1.6	827,100	28.9	873,180	30.5
Sankiang	9,680,380	626,210	4.5	3,464,540	37.7	4,090,750	42.2
Pinkiang	16,836,510	3,140,100	18.7	3,165,320	18.8	6,305,420	37.5
Chientao	4,629,220	227,210	5.3	1,625,570	38.5	1,853,780	43.8
Antung	8,160,250	408,940	5.0	16,160	0.2	425,100	5.2
Fengtien	7,068,350	2,827,950	40.0	424,610	6.0	3,252,560	46.0
Chinchow	2,290,330	742,720	32.4	52,370	2.3	795,090	34.7
Jehol	13,606,060	1,178,620	8.7	39,310	0.3	1,217,930	9.0
Harbin Special Municipality	46,330	41,100	88.7	820	1.8	41,920	90.5
Hsinking Special Municipality	—	—	—	—	—	—	—
Hsingan in all	—	—	—	—	—	—	—
Total	92,499,590	13,940,450	15.1	17,757,420	19.2	31,697,870	34.3

(Based upon the statistics compiled by the Manchoukuo Department of Industry.)

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(2) Crop Areas: 1924–1935

(Unit: Hectare)

Years	Soya Bean	Other Beans	Kacliang	Millet	Maize	Wheat	Rice	Other Crops	Total
1924	2,167,570	147,290	2,109,640	1,548,770	698,020	744,920	134,990	515,690	8,147,870
1925	2,678,440	272,200	2,507,940	1,886,690	1,028,220	879,620	201,330	688,340	10,142,700
1926	2,582,180	403,350	2,377,400	1,910,310	1,099,570	894,720	228,450	771,500	10,267,400
1927	3,541,890	402,930	2,653,200	2,096,210	1,004,300	1,138,040	242,990	807,890	11,887,450
1928	3,734,160	414,480	2,897,960	2,171,590	982,580	1,316,730	182,120	1,096,720	12,901,270
1929	3,841,450	347,830	2,946,170	2,253,030	905,090	1,285,050	186,370	1,358,910	13,123,800
1930	4,060,530	341,710	2,957,630	2,227,670	881,710	1,372,890	188,280	1,032,690	13,062,910
1931	4,200,590	313,390	2,980,490	2,232,320	987,710	1,586,160	200,300	1,232,190	13,733,250
1932	3,878,614	300,579	2,661,355	2,156,694	979,994	1,395,148	168,246	1,124,254	12,664,884
1933	4,000,670	323,250	2,658,430	2,380,850	1,101,950	1,373,950	197,160	1,218,020	13,241,240
1634	3,273,220	321,990	2,706,540	2,169,970	1,122,550	826,190	203,850	1,273,030	11,891,340
1935	3,302,956	341,362	2,855,018	2,457,876	1,254,067	992,860	235,201	1,263,493	12,708,833

(Based on the statistics of compiled by the Manchoukuo Department of Industry.)

(3) Crop Outputs: 1924–1935

(Unit: Metric Ton)

Years	Soya Bean	Other Beans	Kaoliang	Millet	Maize	Wheat	Rice	Other Crops	Total
1924	2,963,300	177,430	3,604,900	2,260,100	1,106,600	702,520	181,370	553,040	13,181,590
1925	3,428,100	346,570	4,048,890	3,121,200	1,810,200	961,140	342,950	813,640	14,872,690
1926	2,292,100	415,290	3,710,200	2,904,100	1,664,200	967,890	313,860	822,570	13,727,210
1927	4,832,200	475,420	4,755,200	3,443,600	1,906,700	1,116,660	405,430	957,200	17,892,410
1928	4,912,000	481,800	4,613,300	3,324,500	1,754,800	1,484,200	293,580	1,302,590	18,166,770
1929	4,849,400	377,480	4,681,500	3,351,900	613,200	1,302,200	293,080	1,593,600	18,062,360
1930	5,269,270	369,270	4,779,690	3,276,480	1,585,680	1,356,660	312,190	1,722,760	18,672,000
1931	5,227,780	318,770	4,516,170	2,949,900	1,712,480	1,589,240	317,620	1,851,880	18,483,840
1932	4,439,400	277,022	3,722,921	2,580,514	1,525,380	1,073,557	252,887	1,523,579	15,395,267
1933	5,205,170	325,320	4,229,440	3,273,020	1,868,290	1,429,810	343,040	1,832,950	18,477,040
1934	3,599,530	279,200	3,588,560	2,093,150	1,609,440	651,260	311,270	1,299,460	13,431,870
1935	3,889,860	292,538	3,970,864	3,030,652	1,828,450	947,815	423,223	1,320,500	15,703,702

(Based upon the statistics complied by the Manchoukuo Department of Industry.)

No. 6 Live-Stocks in Manchuria

(December, 1934)

Provinces	Cattle	Horse	Mule	Donkey	Breeds	Pig
Kirin	91,304	349,022	148,007	55,380	32,386	637,284
Lungkiang	71,611	309,294	33,105	40,022	40,391	392,836
Heiho	3,043	10,715	92	58	227	9,187
Sankiang	46,991	84,582	14,156	1,813	2,361	239,166
Pinkiang	70,569	418,186	55,100	21,834	31,557	983,513
Chientao	38,517	13,107	1,032	2,076	2,340	84,304
Antung	176,036	57,818	60,466	85,294	40,156	384,470
Mukden	172,944	216,709	225,149	170,467	74,283	1,375,599
Chinchow	46,089	35,686	30,928	116,219	202,366	485,038
Jehol	109,101	26,308	15,229	51,324	522,680	580,747
Hsinking Special Municipality	590	4,168	740	422	609	6,406
Harbin Special Municipality	5,574	16,417	1,991	971	—	5,516
North Manchuria Special District	13,126	10,227	—	1,820	5,015	11,113
Hsingan in all	452,373	266,533	49,115	32,500	1,292,526	50,071
Total	1,294,868	1,818,772	635,110	607,200	2,246,897	5,245,249

(Based upon the statistics complied by the Manchoukuo Department of Industry.)

No. 7 Forest Resources

(December, 1934)

Districts	Forest Area in Hectare	Volume of Standing Trees in Cub. M.
Yalu River & Hun River Valley	662,000	76,000,000
Tumen Valley	825,000	116,000,000
Sungari Valley	1,424,000	242,000,000
Mutanchiang Valley	629,000	117,000,000
Lalin	628,000	821,000.000
Sanhsing District	5,247,000	727,000,000
Along the Harbin Suifenho Line	2,415,000	149,000,000
Great Hsingan Range	13,884,000	1,556,000,000
Little Hsingan Range	9,917,000	973,000,000
Total	35,631,000	4,039,000,000

(Based upon the investigation of the Manchoukuo Department of Industry.)

No. 8 Salt Industry

(1) Area of Salt Fields: 1927–1935

(Unit: Hectare)

Years	Kwantung Leased Territory		Total	Manchoukuo	Total
	Japanese Management	Manchurian Management			
1927	5,320	1,595	6,915	—	—
1928	5,319	1,589	6,908	—	—
1929	5,348	1,595	6,943	—	—
1930	5,657	1,285	6,942	—	—
1931	5,984	958	6,942	—	—
1932	5,977	952	6,929	—	—
1933	5,977	952	6,929	7,896	14,825
1934	6,181	836	7,012	9,522	16,539
1935	7,115	860	8,575	14,560	23,135

(2) Salt Output: 1927–1935

(Unit: Metric Ton)

Years	Kwantung Leased Territory	Manchoukuo	Total
1927	234,784	252,635	487,419
1928	242,206	278,401	520,607
1929	242,455	277,635	520,009
1930	242,741	269,632	512,373
1931	204,823	199,986	404,809
1932	224,674	221,608	446,282
1933	290,589	315,761	606,350
1934	243,381	161,944	405,325
1935	504,800	395,518	900,318

(Based upon the statistics compiled by the Economic Research Committee of the S. M. R. Co.)

No. 9 Mineral Output

(Unit: Metric Ton)

Products	1928	1929	1930	1931	1932	1933
Iron Ore	959,011	985,671	832,229	936,529	1,041,613	1,176,643
Pig Iron	283,667	294,158	348,054	342,270	368,181	433,523
Sulphuric Iron	4,266	5,057	3,028	3,919	3,620	1,671
Lead Ore	366	1,450	—	—	—	—
Copper Ore	—	750	840	—	—	—
Manganese Ore	444	723	609	270	60	750
Gold Ore	26,650	14,000	39,400	29,890	6,434	17,811
Coal	9,517,578	10,024,106	10,179,220	9,124,064	7,106,143	9,062,604
Coke	343,741	388,307	485,321	418,625	416,305	476,278
Oil Shale	—	—	981,004	1,245,094	1,412,554	2,683,440
Crude Oil	—	—	47,815	61,081	70,631	87,076
Magnesite	25,454	31,681	29,016	36,034	55,386	71,376
Fire Clay	60,481	68,651	53,664	35,476	51,799	112,070
Soapstone	35,000	40,000	25,726	42,890	44,316	62,430
Zechstein	89,324	103,235	116,925	97,777	89,906	165,845
Limestone	471,710	629,502	668,489	542,003	477,350	693,180
Asbestos	86	113	110	170	120	106
Silicas	20,591	19,624	20,000	22,327	26,989	49,648
Felspar	700	1,216	500	868	1,781	9,337
Calcite	3,470	1,230	1,000	304	875	1,798

No. 10 New Corporations Established: 1932–1936.

(1) Special Corporations

(Excluding corporations with an authorized capital of less than one million)

Name	Date	Head Office	Capital
Manchuria Telephone & Telegraph Co.	Aug. 1933	Hsinking	¥55,000,000
Central Bank of Manchou	June 1932	„	M. ¥30,000,000
Manchuria Coal Mining Co.	May 1934	„	M. ¥16,000,000
Manchuria Gold Mining Co.	May 1934	„	M. ¥12,000,000
Tungho Automobile Co.	Mar. 1934	Mukden	¥ 6,200,000
Manchuria Oil Co.	Feb. 1934	Dairen	¥ 5,000,000
Manchuria Aviation Co.	Sept. 1932	Mukden	¥ 3,850,000
Manchuria Cotton Co.	Apr. 1934	„	M. ¥ 2,000,000
Manchuria Meters Co.	May 1934	Hsinking	M. ¥ 1,500,000
Manchuria Electric Co.	Nov. 1934	„	¥90,000,000
Manchuria Mining Development Co.	Aug. 1935	„	M. ¥ 5,000,000
Manchuria Colonization Co.	Jan. 1936	„	M. ¥15,000,000
Manchuria Timber Industry Co.	Feb. 1936	„	M. ¥ 5,000,000
Manchuria Salt Industry Co.	Apr. 1936	„	M. ¥ 5,000,000

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(2) Common Companies

(Excluding corporations with an authorized capital of less than one million)

Name	Date	Head Office	Capital
Yingkou Commercial Bank	Dec. 1933	Yingkou	M. ¥ 1,000,000
Hsinking Yifa Banking Corp.	July 1934	Hsinking	M. ¥ 1,000,000
Tahsin Corporation	July 1933	„	M. ¥ 6,000,000
Tatung Industrial Company	Oct. 1932	Mukden	¥10,000,000
International Silver Company	Nov. 1933	Tokyo	¥30,000,000
Tunhua Finance Company	Mar. 1934	Tunhua	¥ 5,000,000
Harbin Produce Exchange	Aug. 1933	Harbin	M. ¥ 2,000,000
Pig-Iron Joint-Selling Company	Aug. 1932	Tokyo	¥ 1,000,000
South Manchuria Dolomite Company	Apr. 1934	Dairen	¥ 1,000,000
Peipiao Coal Mine Company	Dec. 1933	Hsinking	M. ¥ 2,500,000
Showa Steel Works Inc.	Mar. 1933	Anshan	¥100,000,000
Mukden Arsenal	Oct. 1932	Mukden	¥ 2,000,000
Manchuria Iron Work	May 1934	„	¥ 1,500,000
Manchuria Zinc-Gilding Co.	May 1933	Anshan	¥ 1,000,000
Manchuria Sumitomo Steel-Pipe Company	Sept. 1934	„	¥10,000,000
Japan-Manchuria Iron Material Company	Apr. 1934	Mukden	¥ 1,000,000
Anshan Iron Material Company	July 1934	Anshan	¥ 5,000,000
Japan-Manchuria Magnesium Company	Oct. 1933	Tokyo	¥ 7,000,000
Japan-Manchuria Aluminium Company	Aug. 1933	„	¥ 5,000,000
Manchuria Cemico-Industrial Company	May 1933	Dairen	¥25,000,000
Manchuria Medecine Manufacturing Company	Mar. 1934	Hsinking	¥ 5,000,000
Japan-Manchuria Paint Company	Feb. 1933	Mukden	¥ 1,000,000
East Manchuria Rayon-Pulp Company	May 1934	Tokyo	¥15,000,000
Manchuria Pulp Company	May 1934	Osaka	¥10,000,000
Fushun Cement Company	July 1934	Fushun	¥ 2,500,000
Manchuria Cement Company	Jan. 1934	Tokyo	¥ 5,000,000
Harbin Cement Company	Aug. 1934	„	¥ 5,000,000
Tatung Cement Company	Dec. 1933	Kirin	M. ¥ 3,000,000
North Manchuria Sugar Company	Sept. 1934	Harbin	¥ 2,000,000
Japan-Manchuria Milling Company	June 1934	„	¥ 2,000,000
Great Manchuria Hop & Beer Company	June 1934	„	¥10,000,000
Manchuria Beer Company	Apr. 1934	Mukden	¥ 2,000,000
Tatung Beer Company	Nov. 1933	Harbin	M. ¥ 1,670,000
Japan-Manchuria Flax Industry Company	Apr. 1934	Tokyo	¥ 6,000,000
Yingkou Spinning Weaving Company	Oct. 1932	Yingkou	M. ¥ 1,000,000
Manchuria Soya Bean Industry Company	July 1934	Dairen	¥ 1,500,000
Far Eastern Medicine Company	Aug. 1933	Mukden	¥ 1,500,000
Japan-Manchuria Leather Industry Company	July 1934	„	¥ 3,000,000
Daido Industrial Development Company	June 1934	Tokyo	¥ 3,000,000
Ishihara Industry & Navigation Company	Mar. 1934	Dairen	¥ 2,000,000
Manchuria Sea & Land Forwarding Company	Dec. 1932	Kobe	¥ 1,000,000
Kyowa Construction Company	July 1934	Dairen	¥ 2,000,000
Daido Land Company	Oct. 1932	Mukden	¥ 1,000,000
Dowa Industrial Development Company	Nov. 1932	„	¥ 2,000,000
Tato Real Estate Company	June 1934	Hsinking	M. ¥ 1,000,000
Mukden Industrial Bank	Dec. 1934	Mukden	M. ¥ 2,000,000
Mukden Commercial Bank	Dec. 1934	„	M. ¥ 1,000,000
Mukden Exchange Bank	Aug. 1935	„	M. ¥ 1,000,000
Hsinking Medicine Company	Aug. 1934	Hsinking	¥ 1,000,000
Manchuria Radio Diffusing Company	Dec. 1934	Mukden	¥ 1,000,000
Japan-Manchuria Coal Mine Company	Aug. 1934	Tokyo	¥10,000,000
North Manchuria Gold Mine Company	June 1935	„	¥ 2,000,000
Manchuria Zinc Mine Company	June 1935	Mukden	¥ 4,000,000
Liuhocheng Paper Manufacturing Company	July 1935	Liutaokou	M. ¥ 1,500,000
Manchuria Onoda Cement Company	May 1935	Kirin	¥ 5,000,000
Harbin Cement Company	Feb. 1935	Harbin	¥ 2,500,000

Name	Date	Head Office	Capital
Manchuria Principal Products Industry Company	June 1935	Mukden	¥ 3,000,000
Sakuraya Beer Company	Sept. 1934	Mukden	¥ 1,000,000
Kantoshu Industrial Development Company	Sept. 1934	Dairen	¥ 1,000,000
Manchuria-Japan Flax Industry Company	June 1934	Mukden	¥ 3,000,000
Manchuria Tobacco Company	Dec. 1934	Tokyo	¥12,000,000
Manchuria Tobacco Company	Feb. 1935	Hsinking	¥ 5,000,000
Dowa Salt Manufacturing Company	Dec. 1935	Port Arthur	¥ 2,000,000
Hsinking Communication Company	July 1935	Hsinking	¥ 1,000,000
Yamasa Land & Building Company	May 1935	Mukden	¥ 1,000,000
Mukden Industrial Land Company	Mar. 1935	„	¥ 5,500,000
Eastern Electric Company	Oct. 1935	„	M. ¥ 1,000,000
Hsinhsin Concrete Industry Company	Feb. 1935	„	¥ 1,000,000

No. 11 Manchoukuo Postal Administration

(1) NUMBER OF MAILS: 1932–1934

(A) RECEIVED

Articles	1932 Aug.–Dec.	1933 Jan.–Dec.	1934 Jan.–Dec.
Letters:			
Ordinary Letters	11,676,096	71,480,751	89,559,676
Registered	629,448	2,619,544	3,186,149
Special Delivery	58,749	195,822	157,286
Value Declared	3,119	7,139	15,823
Cash on Delivery	—	—	356
Air Mail	23,277	120,822	522,458
Parcels:			
Registered	67,571	754,864	879,483
Value Declared	—	—	1,797
Cash on Delivery	—	—	9,441
Total	12,458,260	75,178,942	94,332,469

(B) DELIVERED

Articles	1932 Aug.–Dec.	1933 Jan.–Dec.	1934 Jan.–Dec.
Letters:			
Ordinary Letters	12,290,083	74,398,964	90,166,085
Registered	779,883	3,133,417	3,533,599
Special Delivery	63,400	165,193	149,544
Value Declared	2,951	11,422	14,998
Cash on Delivery	—	—	2,523
Air Mail	20,346	129,329	*—
Parcels:			
Registered	68,501	636,507	1,235,304
Value Declared	—	—	1,214
Cash on Delivery	—	—	47,144
Total	14,225,164	78,474,832	95,150,411

(* Included in each kind of letters mentioned above.)

(2) POSTAL SAVINGS: 1933–1935

(A) COMPARATIVE GROWTH OF SAVINGS ACCOUNTS

Years	Month	Amount in M. ¥	Number of Persons	Amount Per Capita in M. ¥
1933	Dec.	216,929	10,769	20.14
1934	Dec.	631,138	21,314	29.61
1935	Jan.	734,000	22,390	32.79
1935	Feb.	759,000	23,243	32.65
„	Mar.	771,000	23,920	32.25
„	Apr.	803,000	23,853	33.70
„	May	837,000	24,565	34.11
„	June	883,000	28,783	30.69
„	July	1,009,000	32,440	31.06
„	Aug.	1,158,000	37,335	31.04
„	Sept.	1,318,000	39,120	33.71
„	Oct.	1,637,000	40,377	40.57
„	Nov.	1,918,000	55,817	34.36
„	Dec.	2,336,000	72,675	32.14

(B) AMOUNT OF SAVINGS BY ADMINISTRATIVE OFFICES

(End of December, 1935)

Administrative Office	Number of Persons	Amount in M. ¥
Hsinking	24,165	785,485
Mukden	31,613	866,014
Harbin	16,897	684,588
Total	72,675	2,336,088

(3) Money Orders: 1933–1935

(Unit: M. ¥)

(A) ISSUED

		1933	1934	1935
Inland		6,514,077	7,575,670	9,536,040
Foreign	Japan	1,654,815	3,483,855	6,862,333
	China	—	—	1,992,862
	Total	1,654,815	3,483,855	8,855,195
Grand Total		8,168,892	11,059,525	18,391,235

(B) PAID

		1933	1934	1935
Inland		6,599,230	7,678,720	9,540,161
Foreign	Japan	229,960	503,388	1,108,745
	China	—	—	679,048
	Total	229,960	503,388	1,787,793
Grand Total		6,829,190	8,182,108	11,327,954

(Based upon the statistics of the Postal Administration Bureau of the Manchoukuo Department of Communication.)

No. 12 Education

(1) Number of Educational Institutions

(At the end of 1934)

Provinces	Kindergarten	Primary School	Middle School	Normal School	Vocational School	College	Total	Private School
Kirin	2	791	13	5	2	1	814	893
Lungkiang	1	498	9	8	2	—	518	?
Heiho	—	52	1	—	—	—	53	?
Sankiang	—	117	3	1	—	—	121	136
Pinkiang	—	599	13	13	—	—	624	1,308
Chientao	3	88	3	1	1	—	96	55
Antung	11	1,172	19	19	7	—	1,228	8
Fengtien	12	5,726	84	46	12	1	5,881	697
Chinchow	1	2,554	22	14	—	—	2,591	240

Provinces	Kinder-garten	Primary School	Middle School	Normal School	Voca-tional School	College	Total	Private School
Jehol	—	913	2	7	—	—	922	1,574
Hsinking Special Municipality	2	26	2	—	—	—	30	25
Harbin Special Municipality	1	142	—	—	—	—	143	132
North Manchuria Special District	2	110	31	1	3	3	150	164
Hsingan	—	108	—	1	1	—	110	171
Total	35	12,896	202	116	28	5	13,282	5,403

(2) Number of Students

(At the end of 1934)

Provinces	Kinder-garten	Primary School	Middle School	Normal School	Voca-tional School	College	Total	Private School
Kirin	136	65,217	2,453	748	289	114	68,957	18,157
Lungkiang	51	37,666	1,278	744	288	—	40,028	?
Heiho	—	2,345	79	—	—	—	2,424	?
Sankiang	—	11,325	268	82	—	—	11,675	2,920
Pinkiang	—	61,454	1,271	665	—	—	63,390	26,613
Chientao	96	12,940	268	152	31	—	13,487	950
Antung	530	71,718	1,924	910	484	—	75,566	150
Fengtien	643	371,889	11,790	4,390	1,215	110	390,037	11,848
Chinchow	61	127,036	2,327	1,097	--	—	130,521	4,312
Jehol	—	30,243	202	304	—	—	30,749	27,627
Hsinking Special Municipality	120	6,065	239	—	—	—	6,424	832
Harbin Special Municipality	50	5,145	—	—	—	—	5,195	2,042
North Manchuria Special District	201	21,169	6,766	60	200	320	28,716	1,930
Hsingan	—	6,748	—	156	96	—	7,000	2,342
Total	1,888	830,960	28,866	9,308	2,603	544	874,169	100,223

(Based upon the statistics of the Manchoukuo Department of Education.)

No. 13 Chinese Immigration into Manchuria

(1) Entering Manchoukuo

Years	Dairen	Yingkou	Antung	Land Route	Total
1923	172,014	77,087	46,577	138,011	433,689
1924	167,206	61,904	52,641	210,719	492,470
1925	197,392	96,647	40,740	197,991	532,770
1926	267,062	124,743	48,287	167,260	607,352
1927	599,452	153,771	78,879	327,645	1,159,747
1928	506,553	152,556	52,703	462,655	1,074,467
1929	512,947	148,577	53,557	331,210	1,046,291
1930	388,046	116,800	49,575	193,555	748,213
1931	226,531	79,177	36,139	125,555	467,402
1932	210,847	71,229	28,199	103,759	414,034
1933	314,401	157,782	42,779	104,000	618,962
1934	363,587	137,520	47,697	142,121	690,925
1935	206,022	123,288	25,964	164,278	519,552

(2) Leaving Manchoukuo

Years	Dairen	Yingkou	Antung	Land Route	Total
1923	122,474	40,282	59,623	64,382	286,761
1924	113,249	36,740	44,921	37,810	232,720
1925	102,961	36,752	25,543	49,291	214,547
1926	136,547	46,382	20,631	95,832	299,392
1927	141,859	54,343	20,934	99,413	316,549
1928	168,530	85,843	19,343	107,371	381,087
1929	219,293	68,603	23,924	289,572	601,392
1930	197,195	89,764	25,377	176,168	488,504
1931	174,793	106,010	32,403	148,133	461,339
1932	215,694	135,339	28,231	119,519	498,783
1933	222,891	99,630	24,725	120,000	497,246
1934	202,976	95,730	43,437	97,485	439,628
1935	158,696	81,566	41,366	312,381	495,009

(3) Settlers

Years	Entering	Leaving	Net Gain
1923	433,689	286,761	146,928
1924	492,470	232,720	259,750
1925	523,770	214,547	318,223
1926	607,352	299,392	307,960
1927	1,159,747	316,549	843,198
1928	1,074,467	381,087	693,380
1929	1,046,291	601,392	444,899
1930	748,213	488,504	259,709
1931	467,402	461,339	6,063
1932	414,034	498,783	− 84,749
1933	618,962	497,246	121,716
1934	690,925	439,628	251,297
1935	519,552	495,009	24,543

(Based upon the investigation of the Economic Research Committee of the S. M. R. Co.)

III DOCUMENTARY MATERIAL

No. 1 Manchoukuo Oil Monopoly

(1) Oil Monopoly Law

Imperial Ordinance No. 149

Promulgated November 14, 1934

Article I. The word "oils" as used in the present Law includes gasoline, kerosene, gas-oil, heavy oil, benzol, and fuel oil substitutes.

The scope of the fuel oil substitutes mentioned in the foregoing paragraph shall be determined by an Imperial ordinance.

Article II. The sale of oils shall be a Government monopoly.

Article III. The manufacture, refining, importation and exportation of oils shall not be allowed except by those who have obtained permission for such from the Government.

Article IV. Those oils which have been manufactured, refined or imported by permission of the Government shall be purchased by the Government.

Article V. The sale and distribution of oils shall be conducted by oil dealers designated by the Government. Depending upon special circumstances, however, the sale of oils to consumers by the Government itself shall not be obstructed.

Matters which are necessary in connection with the sale and distribution of oils and also in connection with the oil dealers designated by the Government shall be determined by the Minister of Finance.

Article VI. The Government, when it deems necessary, may order any oil dealer appointed by it to keep a certain designated fixed supply of oils in stock.

Article VII. The manufacture, importation and exportation of mineral oils other than oils shall not be allowed except by those who have obtained permission for such from the Government.

Article VIII. The Government, when it deems necessary, may order any person engaged in the handling of oils or oils mentioned in the foregoing Article to make a report to the Government, or to effect improvements in his equipment or it may issue orders concerning other matters.

Article IX. The competent officials, when they deem necessary, may enter any factory or any place of storage of oils or oils mentioned in Article VII, or any shop of any oil dealer designated by the Government or any other place, and may inspect oils or oils mentioned in Article VII, accounts, documents and other objects, or they may conduct other various investigations.

Article X. Whenever the competent officials deem that a crime has been committed in connection with the present Law or orders based upon it, they may question any person connected with such crime, and may also seize any object which may serve as evidence.

Article XI. In case any person who has obtained the permission mentioned in Article III or Article VII or any person who has been designated as an oil dealer commits an act in violation of any provision of the present Law or any order based upon it, or any action taken in accordance with such order, the Government may cancel the permission or the appointment as an oil dealer, or it may order the temporary suspension of business during a certain fixed period.

Article XII. Any person who manufactures, refines, imports or exports oils in violation of the provisions of Article III shall be punished by a fine of not exceeding five thousand (5,000) yuan.

Article XIII. Any person who manufactures, refines, imports or exports oils mentioned in Article VII in violation of the provisions of the said Article shall be punished by a fine of not exceeding three thousand (3,000) yuan.

Article XIV. Attempted crimes coming under the two foregoing Articles shall be punished.

Article XV. Any person coming under any of the following categories shall be punished by a fine of not exceeding two thousand (2,000) yuan:

1. Persons selling oils not sold by the Government;
2. Persons violating a storing order issued under Article VI.

Article XVI. Any person coming under any of the following categories shall be punished by a fine of not exceeding five hundred (500) yuan:

1. Persons who violate any order issued under Article VIII or who make false reports to the Government;
2. Persons who obstruct the execution of duties by any competent official acting under Article IX or Article X.

Article XVII. All objects which were used in the commission of any crime mentioned in Articles XII to XIV inclusive shall be seized by the Government, irrespective of whether such objects belong to the criminal or criminals involved in such crime. In case it is found impossible to seize all or any part of such objects, the Government shall collect a sum of money equivalent to the value of such objects or any part thereof, as the case may be.

Article XVIII. Any employer or any other person engaged in the affairs of an employer, who, in connection with the affairs of such employer, commits any act in violation of the provisions of Article III or Article VII, or who violates a storing order issued under Article VI, or who violates any order mentioned in Article VIII, or who makes a false report to the Government, shall be punished as well as such employer. However, in case such employer is an interdict or a minor who does not possess the same legal capacity as an adult, the legal representative of such employer shall be punished.

Article XIX. Any employee of a juridical person or any other person engaged in the affairs of a juridical person, who in connection with the affairs of such juridical person, commits an act in violation of the provisions of Article III or Article VII, or who violates a storing order issued under Article VI, or who violates any order issued under Article VIII, or who makes false report to the Government, shall be punished, as well as the members or officers, as the case may be, who administer the affairs of such juridical person.

Any member or officer who administers the affairs of a juridical person and who commits any act mentioned in the foregoing paragraph, shall be punished.

Article XX. Any employer, legal representative, or any member or officer who administers the affairs of a juridical person, and who should be punished for an act under Article XVIII or Paragraph I of the foregoing Article, shall be exempted from punishment, provided such employer, legal representative, or such member or officer who administers the affairs of such juridical person, can prove that there was no means of preventing such act.

Supplementary

The date of enforcement of the present Law shall be determined by the Minister of Finance.

Any person who is engaged in the manufacture or refining of oils or oils mentioned in Article VII at the time of promulgation of the present Law shall be regarded as having obtained permission under the present Law, provided such person registers with the Government within one month after the date of enforcement of the present Law.

(2) Regulations Concerning the Purchase of the Equipment of Existing Entrepreneurs in Connection with the Enforcement of the Oil Monopoly Law

Imperial Ordinance No. 150

Promulgated November 14, 1934

ARTICLE I. The Government shall purchase such equipment as is actually used for business purposes by those persons who were engaged in the business of importing oils at the time of promulgation of the Oil Monopoly Law, provided requests for the purchase of such equipment are made within one month after the date of enforcement of the Oil Monopoly Law.

The above provision shall apply also in the case of the equipment actually used for business purposes by those persons who were engaged in the business of selling oils at the time of promulgation of the Oil Monopoly Law and who are unable to continue the said business owing to the institution of the oil monopoly.

ARTICLE II. In case the Government intends to purchase any equipment in accordance with the provisions of the foregoing Article, it shall first obtain the decision of an appraisal commitee in regard to the scope and purchasing price of such equipment. The organization and powers of the said appraisal committee shall be determined by an Imperial ordinance.

ARTICLE III. Matters which are necessary for the enforcement of the present Law shall be determined by the Minister of Finance.

Supplementary

The present Law shall come into force from the date of enforcement of the Oil Monopoly Law.

(3) Order Concerning the Enforcement of the Oil Monopoly Law

Order No. 38 of the Dept. of Finance

Promulgated November 30, 1934

ARTICLE I. The sale of oils shall be conducted by the Monopoly Bureau.

ARTICLE II. Any person desiring to manufacture oils shall file an application with the Director of the Monopoly Bureau and obtain his approval.

ARTICLE III. Any person desiring to import or export oils shall, on each occasion, file an application with the Director of the Monopoly Bureau and obtain his approval.

ARTICLE IV. In case the Director of the Monopoly Bureau decides to accept the application mentioned in either of the foregoing two Articles, he may issue such instructions as he may deem necessary.

ARTICLE V. All manufactured or imported oils shall be purchased by the Monopoly Bureau.

In such cases as mentioned in the foregoing paragraph, the places where such purchases shall take place, shall be designated by the Director of the Monopoly Bureau.

ARTICLE VI. Oils shall be sold and distributed through the general wholesale oil dealers and wholesale oil dealers. The foregoing provision, however, shall not apply to any of the cases mentioned in Article XXIX or Article XXX.

ARTICLE VII. The general wholesale oil dealers shall purchase oils from the Government, and shall sell them to wholesale oil dealers.

The general wholesale oil dealers shall be appointed by the Director of the Monopoly Bureau for a term of three years.

ARTICLE VIII. Any person desiring to be appointed general wholesale oil dealer shall file an application with the Director of the Monopoly Bureau with information concerning each of the following items contained therein:

1. Residence, Nationality, Name, Date of Birth;
2. State of Property and Business Career;
3. Name of Desired Sales Zone and Place where Business Office Expected to be Established.

In case such application as mentioned in the foregoing paragraph is made by a juridical person, a document containing its articles of association and the name of its representative shall be attached thereto.

ARTICLE IX. Every general wholesale oil dealer shall offer a cash security as fixed by the Director of the Monopoly Bureau.

ARTICLE X. Any general wholesale oil dealer desiring to remove, increase or close his business office shall first obtain the approval of the Director of the Monopoly Bureau.

ARTICLE XI. The prices of oils to be sold to the general wholesale oil dealers by the Government shall be fixed by the Director of the Monopoly Bureau.

ARTICLE XII. Any general wholesale oil dealer desiring to purchase oils shall apply for the same to the Government Oil Sales Office concerned by means of an Oil Purchase Application of Form 1 provided by the authorities concerned. With the approval of the Director of the Monopoly Bureau, such general wholesale oil dealer, however, may apply for the same to any neighbouring Government Oil Sales Office.

ARTICLE XIII. When notice of sale of oils is received, the general wholesale oil dealer concerned shall immediately pay in the price due. The foregoing provision, however, shall not apply to those who have presented a security and who have thereby been permitted by the Director of the Monopoly Bureau to defer payment.

In such exceptional cases as mentioned in the foregoing paragraph matters concerning the forms and valued of securities and the period of deferred payment shall be determined by the Director of the Monopoly Bureau.

ARTICLE XIV. In case the Director of the Monopoly Bureau deems it necessary, he may cause all or part of any cash security presented pursuant to the provisions of Article IX to be used for the security mentioned in the foregoing Article.

Article XV. All oils sold by the Government shall be delivered at the places where the Government Oil Sales Offices concerned are situated. The delivery of oils at other places, however, may be effected by securing the approval of the Director of Monopoly Bureau.

Article XVI. No general wholesale oil dealer shall sell and deliver oils at prices exceeding those fixed by the Government.

Article XVII. Every general wholesale oil dealer shall, for each of his business offices, submit to the Director of the Monopoly Bureau at the end of every September, December, March and June, a table of Form 2 provided by the authorities concerned, giving the expected amount of purchases during each of the following periods, January to March, April to June, July to September, and October to December.

Article XVIII. Every general wholesale oil dealer shall keep a journal of Form 3 provided by authorities concerned, thereby making clear the quantities of oils bought and sold each day, as well as the amount of existing supplies. He shall also compile and submit to the Director of the Monopoly Bureau not later than the 15th of each month a table of Form 4 giving the quantities of oils sold and delivered during the preceding month.

Article XIX. The wholesale oil dealers shall purchase oils from the general wholesale oil dealers and sell and distribute the same.

The wholesale oil dealers shall be appointed by the Director of the Monopoly Bureau for term of five years.

Article XX. Any person desiring to be appointed as a wholesale oil dealer shall file with the Director of the Monopoly Bureau an application containing information concerning each of the following items:

1. Residence, Nationality, Name, Date of Birth;
2. State of Property and Business Career;
3. Place of Business Office and Its Location;
4. Expected Quantities to be Sold During One Year, Classified according to Kinds of Oils.

In case such application as mentioned in the foregoing paragraph is made by a juridical person, a document containing its articles of association and the name of its representative shall be attached thereto.

Article XXI. The wholesale oil dealers shall have one business office each. With the approval of the Director of the Government Oil Sales Office concerned, every wholesale oil dealer, however, may have two or more than two such business offices.

Article XXII. Every wholesale oil dealer shall purchase oils from the general wholesale oil dealer whose sales district includes the place where his business office is situated. Under unavoidable circumstances, however, he may, with the approval of the Director of the Government Sales Office concerned, purchase oils from the general wholesale oil dealer in any adjacent sales district.

Article XXIII. Every wholesale oil dealer shall, each time he decides the sale prices of oils, report the same to the Government Oil Sales Office concerned.

The Director of any Government Sales Office may, if he deems it necessary, order any of the sale prices mentioned in the foregoing paragraph to be changed.

Article XXIV. Every wholesale oil dealer shall keep a ledger and made clear the quantities bought and sold as well as the amount of existing supplies.

Article XXV. Any oil dealer (designated by the Government), when ordered by the Director of the Monopoly Bureau, shall store such kinds of oils in such respective quantities as designated by the said Director.

Article XXVI. The Director of the Monopoly Bureau may issue such instructions as he may deem necessary in connection with the business of any oil dealer (designated by the Government).

Article XXVII. In case of the death or retirement of any oil dealer (designated by the Government), his heir shall, within thirty days after such death or retirement, report such fact to the Director of the Monopoly Bureau, and receive instructions in regard to his business.

Article XXVIII. Any oil dealer (designated by the Government) intending to liquidate or quit his business shall, at thirty days notice before such liquidation or such quitting of business, report such intentions to the Director of the Monopoly Bureau, and receive instructions from the said Director.

Article XXIX. In the case of any person or party using more than one car-load of oil a month, and desiring to take delivery of more than one car-load of oil at one time, the Government Oil Sales Office concerned may sell oils to such person or party at special prices by securing the approval of the Director of the Monopoly Bureau. The unit of the selling quantity in such cases, however, shall be one car-load.

Oils sold pursuant to the foregoing paragraph shall not be resold to any other person or party.

Article XXX. The provisions of paragraph 1 of the foregoing Article shall apply also to those desiring to export more than one car-load of oil at one time.

Article XXXI. The provisions of Article II and of Article III of this Order shall apply, respectively, to the manufacture of mineral oils other than oils and to the importation or exportation of such mineral oils other than oils.

Article XXXII. In case any person handling oils or mineral oils other than oils violates the Oil Monopoly Law, or any order issued or any disposition made, on the basis of the said Law, the Director of the Monopoly Bureau may revoke his license or his appointment (as an oil dealer), or may order the suspension of his business for a certain fixed period.

In such cases as mentioned in the foregoing paragraph, the Director of the Monopoly Bureau may issue such instructions as he may deem necessary, or in the case of a general wholesale oil dealer, he may confiscate the cash security put up by such general wholesale oil dealer.

Article XXXIII. All documents to be submitted to the Director of the Monopoly Bureau pursuant to the Oil Monopoly Law and this Order shall be sent through the Government Oil Sales Offices concerned.

Article XXXIV. The sales districts of the general wholesale oil dealers shall be as provided elsewhere.

Supplementary Provisions

This Order shall come into force on the date of the enforcement of the Oil Monopoly Law.

Any person who is engaged in the business of manufacturing oils or mineral oils other than oils at the time of promulgation of the Oil Monopoly Law and who desires to continue such business under the said Law, shall, within one month after the enforcement of the said Law, file an application with the Director of Monopoly Bureau, attaching thereto such proper documents as shall be sufficient to attest his business career.

No. 2 Second Partial Revision of Manchoukuo Import and Export Tariff

(1) Customs Import Tariff

Imperial Ordinance No. 151

Promulgated November 14, 1934

The following revisions shall be made in the customs Import Tariff which was adopted by virtue of Ordinance No. 3 of the First Year of Tatung concerning the provisional employment of former laws and regulations. (This is the second partial revision of the Customs Import Tariff, the first revision being promulgated on July 22, Second Year of Tatung (1933).

IMPORT TARIFF

I.—Cotton and Manufactures Thereof

The term "Printed" in this section includes Pigment Style, Direct Printing Style, Steam Style, Discharge Style, Madder or Dyed Style, Resist Style, Resist Pad Style, Metal Style, and so forth, irrespective of finish.

No.	Name of Article	Tariff Unit and Duty	
	COTTON PIECE GOODS, GERY		
		Per	M.¥
1	Shirting and Sheetings, Grey, not over 40 ins. by 41 yds.:—		
	(a) Weight 7 lbs. and under	Piece	0.80
	(b) Weight over 7 lbs. but not over 9 lbs.	„	1.10
	(c) Weight over 9 lbs. but not over 11 lbs.	„	1.20
2	Shirtings and Sheetings, Grey, not over 40 ins. by 41 yds. and with more than 110 threads per square inch:—		
	(a) Weight over 11 lbs. but not over 12½ lbs.	„	1.25
	(b) Weight over 12½ lbs. but not over 15½ lbs.	„	1.30
	(c) Weight over 15½ lbs.	„	1.45
3	Shirtings and Sheetings, Grey, not over 40 ins. by 41 yds. and with 110 threads or less per square inch:—		
	(a) Weight over 11 lbs. but not over 15½ lbs.	„	1.15
	(b) Weight over 15½ lbs.	„	1.40
4	Drills and Jeans, Grey (3 or 4 shaft only), not over 31 ins. by *32 yds.*	„	1.05
5	Drills and Jeans, Grey (3 or 4 shaft only), not over 31 ins. by 42 yds.:—		
	(a) Weight 12¾ lbs. and under	„	1.40
	(b) Weight over 12¾ lbs.	„	1.25
6	T-cloths, Grey, not over 34 ins. by 25 yds.:—		
	(a) Weight 7 lbs. and under	„	0.85
	(b) Weight over 7 lbs.	„	0.90

No.	Name of Article	Tariff Unit and Duty	
		Per	M.¥
7	T-cloths, Grey, over 34 ins. but not over 37 ins. by 25 yds.	Piece	1.00
8	*"Ta Chih Pu" or Nankeens, Grey, not over 24 ins. wide*	Picul	12.50
9	Cotton Flannel, or Flannelette, of plain or Twill Weave, Grey:—		
	(a) Not over 32¾ ins. by 31 yds.	Piece	1.50
	(b) Over 32¾ ins. but not over 40 ins. by 31 yds.	„	1.75
10	Cotton Canvas and Buck, Grey	Value	20%
11	Cotton Piece Goods, Grey, n. o. p. f.:—		
	(a) *Figured*	„	20%
	(b) *Others*	„	17½%
	COTTON PIECE GOODS, WHITE OR DYED		
12	Shirtings and Sheetings, White, Plain:—		
	(a) Not over 37 ins. by 42 yds.	Piece	1.85
	(b) Over 41 ins. *but not over 44 ins. by 48 yds.*	„	1.90
13	White Irishes, not over 37 ins. by 42 yds.	„	1.85
14	Drills and Jeans, White (3 or 4 shaft only), not over 31 ins. by 32 yds.	„	1.10
15	Drills and Jeans, White (3 or 4 shaft only), not over 31 ins. by 42 yds.	„	1.60
16	T-cloths, White, and Mexicans, *not over 32 ins. by 25 yds.*:—		
	(a) *Weight 5¼ lbs. and under*	„	0.65
	(b) *Weight over 5¼ lbs.*	„	1.00
17	Dimities, Piques, Vestings, Quiltings, and Bedford Cords, White, not over 30 ins. by 30 yds.	„	2.10
18	Cambrics, Lawns, Muslins, Nainsooks, Mulls, Jaconets, Victoria Checks, Swiss Checks, Lappets, Limbrics, Brocades (single yarns only), White or Dyed, Plain or *otherwise*, and Shirtings, *n. o. p. f., White or Dyed, Plain or otherwise*	Value	22½%
19	Lenos, White or Dyed, not over 31 ins. by 30 yds.	Piece	1.55
20	Leno Brocades, White or Dyed	Value	22½%
21	Shirtings, Sheetings, and Pongees, Dyed, Plain:—		
	(a) Not over 30 ins. by 33 yds.	Piece	1.20
	(b) Not over 30 ins. and over 33 yds. but not over 43 yds.	„	1.65
	(c) Not over 36 ins. by 21 yds.	„	1.35
	(d) Not over 36 ins. and over 21 yds. but not over 43 yds.	„	1.90
	(e) Not over 36 ins. and over 33 yds. but not over 43 yds.	„	2.30
22	Drills and Jeans (3 or 4 shaft only), Dyed, Plain:—		
	(a) Not over 31 ins. by *32 yds.*	„	1.15
	(b) Not over 31 ins. and over *32 yds.* but not over *42 yds.*	„	1.65
23	Dyed T-cloths, Embossed Cantoons, Alpacianos, and		

No.	Name of Article	Tariff Unit and Duty	
		Per	M. ¥
	Real and Imitation Turkey Reds, not over 32 ins. by 25 yds. :—		
	(a) Weight 3¼ lbs. and under	Piece	0.65
	(b) Weight over 3¼ lbs. but not over 5¼ lbs.	"	0.75
	(c) Weight over 5¼ lbs.	"	1.05
24	Mercerised Crimps, White, Dyed, or Printed, Plain or *otherwise*, not over 32 ins. by 32 yds.	"	2.75
25	Oatmeal Crapes, White or Dyed, Plain or *otherwise*, not over 33 ins. by 33 yds.	"	1.40
26	*Cotton Crape (not including Oatmeal Crapes), Grey, Bleached, Dyed, or Yarn-dyed*	Value	22½%
27	Lastings, Satteens, Italians, Imitation (Weft-faced) Venetians, Tientsin Twills, Beatrice Twills, Diagonal Twills, Herringbone Twills, *Gabardines,* Serges, Ribs, Cords (not including Poplins), Repps, and Moreens, White or Dyed, Plain or *otherwise,* not over 33 ins. by 33 yds. :—		
	(a) *Serges, Plain*	Piece	1.60
	(b) *Gabardines, Plain*	"	2.45
	(c) Others:		
	(1) *Figured*	"	2.67
	(2) *Others*	"	1.90
28	Satteen Drills, *Warp-faced Satteens,* Satteen Stripes, White or Dyed, Plain or otherwise, not over 33 ins. by 33 yds. :—		
	(a) *Not exceeding 5 shaft*	"	1.55
	(b) *Others*	"	1.90
29	Poplins (including Poplin Taffetas *and Imitation Poplins* and Venetians, White or Dyed, Plain, not over *31 ins.* by 33 yds. :—		
	(a) *Poplins:*		
	(1) With Warp wholly of single-yarns	"	1.70
	(2) *Others*	"	2.05
	(b) *Venetians*	"	3.25
30	Poplins (including poplin Taffetas and Venetians, White or Dyed, Figured	Value	25%
31	Cotton Flannel, or Flannelette, of Plain or Twill Weave, *White, Dyed, Printed or Yarn-dyed:—*		
	(a) Not over 25 ins. by 15 yds.	Piece	0.70
	(b) Over 25 ins. but not over 30 ins. by 15 yds.	"	1.35
	(c) Over 25 ins. but not over 30 ins. by 48 yds.	"	2.05
	(d) Over 30 ins. but not over 36 ins. by 31 yds.	"	1.65
32	Cotton Spanish Stripes, Dyed, *not over 32 ins. by 20 yds.*	"	1.50
33	*Velvet and Velveteen Cords, and Corduroys, of all kinds, with piles cut or uncut.*	Picul	29.90
34	*Cotton Pile Cloths of all kinds, with piles cut or uncut :—*		
	(a) *Terry Pile Cloths*	Value	20%
	(b) *Others*	"	25%
35	Cotton Canvas and Duck, White or Dyed	"	20%

No.	Name of Article	Tariff Unit and Duty	
		Per	M. ¥
36	Cotton Piece Goods, White or Dyed, n. o. p. f. :—		
	(a) *Of Plain Weaves:*		
	(1) *"Ta Chih Pu" or Nankeens, not over 24 ins. wide*	Picul	14.65
	(2) *Others*	Value	20%
	(b) *Figured*	"	22½%
	(c) *Others*	"	20%

COTTON PIECE GOODS, PRINTED

No.	Name of Article	Per	M. ¥
37	Printed Cambrics, Printed awns, Printed Muslins, Printed Pongees, Printed Shirtings, Printed Sheetings, Printed T-Cloths (including those known as Blue and White Printed T-Cloths), and *Printed Repps (not including Reep Cretonnes) :—*		
	(a) *Shirtings, Sheetings, Pongees and T-Cloths:*		
	(1) *Not over 30 ins. by 12 yds.:*		
	(i) *With not more than 125 threads per square inch.*	Piece	0.30
	(ii) *Others*	"	0.50
	(2) *Not over 30 ins. and over 12 yds. but not over 33 yds.:*		
	(i) *With not more than 125 threads per square inch.*	"	0.65
	(ii) *Others*	"	1.25
	(b) *Others*	Value	22½%
38	*Printed Drills, Printed Jeans, Printed Serges, Printed Gabardines, Printed Diagonal Twills, Twill Cretonnes, Printed Silesias :—*		
	(a) *Drills and Jeans, not over 31 ins. by 32 yds.*	Piece	1.15
	(b) *Serges, not over 31 ins. by 32 yds.*	"	1.65
	(c) *Others*	Value	22½%
39	*Printed Cotton Crape*	"	22½%
40	*Printed Satteen Drills, not over 31 ins. by 33 yds.*	Piece	1.90
41	Printed Satteens and Satinets, *Printed Brocades,* Printed Italians, Printed Damasks, Printed Venetians, Printed Lastings, Printed Beatrice Twills, Printed Cords, *Printed Moreens, and Printed Voils,* not over 32 ins. by 30 yds.	"	1.75
42	*Printed Poplins (including Poplin Taffetas and Imitation Poplins), not over 31 ins. by 33 yds. :—*		
	(a) *With warp wholly of Single-yarns*	"	1.75
	(b) *Others*	"	2.10
43	Cotton Piece Goods, Printed, n. o. p. f. —		
	(a) *Of Plain Weave*	Value	20%
	(b) *Figured*	"	22½%
	(c) *Others*	"	22½%

COTTON PIECE GOODS, MISCELLANEOUS

No.	Name of Article	Per	M. ¥
44	Cotton Piece Goods, Yarn-dyed, n. o. p. f. :—		
	(a) *Of Plain Weave:*		

No.	Name of Article	Tariff Unit and Duty	
		Per	M.¥
	(1) Poplins (including Poplin Taffetas and Imitation Poplins), not over 31 ins. by 33 yds.:		
	(i) With warp wholly of *Single-yarns*	Piece	1.80
	(ii) *Others*	„	2.15
	(2) *Others*	Value	22½%
	(b) *Figured*	„	25%
	(c) *Others:*		
	(1) *Drills aad Jeans:*		
	(i) *With not more than 130 threads per square inch, and not over 31 ins. by 32 yds.*	Piece	0.75
	(ii) *With more than 130 threads per square inch.*	Value	22½%
	(2) *Serges, not over 31 ins. by 32 yds.*	Piece	1.70
	(3) *Gabardines, not over 31 ins. by 32 yds.*	„	2.55
	(4) Others	Value	22½%
45	Water proof Cloth, Rubbered	„	20%
46	Cotton Piece Goods, n. o. p. f.	„	22½%

COTTON, RAW, COTTON THREAD, COTTON YARN, AND MANUFACTURES OF COTTON, N. O. P. F.

No.	Name of Article	Per	M.¥
47	Cotton Raw	Picul	4.30
48	Cotton Waste, and Yarn Waste	„	1.60
49	Cotton Wadding	„	3.65
50	Rag	Value	5%
51	Yarn:—		
	(a) Grey (irrespective of fold):		
	(1) Counts up to and including 17	Picul	10.25
	(2) Counts above 17 and up to and including 23	„	10.90
	(3) Counts above 23 and up to and including 35	„	15.00
	(4) Counts above 35 and up to and including 45	„	15.55
	(5) Counts above 45	Value	20%
	(b) Others	„	20%
52	Thread:—		
	(a) Sewing Cotton, on spools or cops:		
	(1) 2-cord and 3-cord, 50 yds. or less	Gross	0.55
	(2) 6-cord, 50 yds. or less (*Other length in proportion*)	„	1.10
	(b) Crochet or Embroidery Cotton, in skeins or balls:		
	(1) Over M.¥ *700 in value per catty*	Catty	3.80
	(2) Not over M.¥ *7.00 in value per catty*	„	0.75
	(c) Others	Value	20%
53	*Gold or Silver Thread, Imitation,* on Cotton	„	25%
54	Rope, Twine and Cordage, Cotton	„	15%
55	Candlewick	Picul	20.80
56	*Bandage, Gauze and Absorbent Cotton, prepared for surgical use*	Value	12½%

No.	Name of Article	Tariff Unit and Duty	
		Per	M.¥
57	Lace, Trimmings, Embroidered Goods, and similar materials used for decorative or ornamental purposes; and all products made wholly thereof	Value	25%
58	Mosquito Netting	„	20%
59	Stockinet or Knitted Tissues:—		
	(a) Raised	Picul	19.50
	(b) Not Raised	Value	20%
60	Knitted Clothing, Raised	Picul	23.85
61	Singlets or Drawers, not Raised	Value	25%
62	Socks and Stockings:—		
	(a) Not Raised on either side:		
	(1) Made of ungassed or unmercerised thread.	Picul	41.00
	(2) Made of gassed or mercerised thread	„	60.40
	(b) Others	„	38.50
63	Elastic Webbing, Braid, and Cord	Value	22½%
64	Ankle-bands	Picul	29.20
65	Lampwick	„	15.10
66	Towels, Turkish	„	19.35
67	Blanket and Blanket Cloth:		
	(a) *Blankets*	„	17.75
	(b) Blanket Cloth	„	12.15
68	Handkerchiefs	Value	20%
69	Bags, New	Picul	9.10
70	Clothing, and all articles of personal wear and parts or accessories thereof, n. o. p. f.:—		
	(a) *Gloves, Mitts and Mittens:*		
	(1) *Of Grey Cotton Yarn*	„	16.00
	(2) *Others*	Value	25%
	(b) *Others*	„	25%
71	Cotton Goods, n. o. p. f.	„	20%
72	Jute, Raw:—		
	(a) *Waste and Cuttings*	Value	5%
	(b) *Others*	Picul	1.13
113	*Silk (Natural) and Cotton Satins:—*		
	(a) *Figured*	Value	37½%
	(b) *Others*	„	35%
114	Silk Piece Goods (including those mixed with any other fibrés), n. o. p. f.:—		
	(a) Of Natural Silk	„	40%
	(b) Of Artificial Silk	„	40%
	(c) Of Natural Silk and Artificial Silk	„	40%
	(d) Of Natural Silk and Wool or of Natural Silk and Wool and Vegetable Fibre	„	40%
	(e) Of Artificial Silk and Wool or of Artificial Silk and Wool and Vegetable Fibre	„	40%
	(f) Of Natural Silk and Vegetable Fibre	„	35%
	(g) Of Artificial Silk and Vegetable Fibre	„	35%
180	Iron and Steel, Galvanized or Ungalvanized:— Old or Scrap (fit only for remanufacture), n. o. p. f.	„	7½%

No.	Name of Article	Tariff Unit and Duty	
		Per	M.¥
216	Agricultural Tools, Implements and Machinery, and parts thereof		Free
229	Vehicles, Motor :—		
	(a) Motor-car	Value	30%
	(b) *Motor Tractors*	"	15%
	(c) *Others*	"	30%
229–2	*Parts (including Motive Machinery) and accessories of Motor Vehicles :—*		
	(a) *Parts of Motor-cars and Motor Tractors :*		
	(1) *Chassis*	"	30%
	(2) *Others*	"	10%
	(b) *Others*		
	(1) *Trailers*	"	15%
	(2) *Others*	"	30%
249	Awabi :		
	(a) In bulk	Picul	31.35
	(b) Canned	" (including weight of immediate packing)	8.65
	(c) Others	Value	12½%
257	Fish, *Smoked*	Picul	5.07
257–2	*Fish, Dried, n. o. p. f.*	"	3.35
267	Seaweed, Long	"	0.75
287	Foodstuffs, in cans and bottles :—		
	(a) Asparagus	" (including weight of immediate packing)	17.94
	(b) Cream and Milk, Evaporated or Sterilised	"	9.95
	(c) Fruits, Table and Pie	Value	25%
	(d) Meat Extracts	"	15%
	(e) Milk, Condensed	Picul (including weight of immediate packing)	14.24
	(f) Oils, Salad or Olive	Value	15%
	(g) Milk Food (including Dried Milk, Lactogen, Glaxo, etc.)	"	15%
	(h) Others	"	20%
304	Barley, Buckwheat, Maize, Millet, Oats Paddy, Rice *and Rye*		Free
304–2	*Wheat*	Picul	0.50
305	Flours and Cereals, n. o. p. f. :—		
	(a) Flour, Wheat	"	1.00
	(b) Others	Value	12½%
356	Seeds for Cultivation		Free
356–2	Seeds, *n. o. p. f.*	"	10%
367	Champagne and any other Wine sold under the label "Champagne"	12 bottles or 24 half-bottles	40.95

No.	Name of Article	Tariff Unit and Duty	
		Per	M.¥
368	Sparkling Astis	Value	25.20
369	Other Sparkling Wines	"	19.50
370	Still Wines, Red or White, exclusively the produce of the natural fermentation of Grape (not including Vins de Liquer) :—		
	(a) In bottles	"	20.00
	(b) Others	Imperial gallon	3.00
371	Port Wine :—		
	(a) In bottles	12 bottles or 24 half-bottles	23.40
	(b) Others	Imperial gallon	7.22
372	Marsala :—		
	(a) In bottles	12 bottles or 24 half-bottles	20.60
	(b) Others	Imperial gallon	4.75
373	Vins de Liquer other than Port and Marsala (viz. Madeira, Malaga, Sherry, etc.) :—		
	(a) In bottles	12 bottles or 24 half-bottles	21.45
	(b) Others	Imperial gallon	6.05
374	Vermouth, Byrrh, ann Quinquina	12 litres	18.30
376	Sake :—		
	(a) In barrels	Picul	24.00
	(b) In bottles	Litre	0.40
377	Ale, Beer, Porter *and Stout* :—		
	(a) In bottles	12 reputed quarts or 24 reputed pints	1.45
	(b) Others	Value	80%
378	Brandy and Cognac :—		
	(a) In bottles	12 reputed quarts	38.30
	(b) Others	Imperial gallon	5.50
379	Whisky :—		
	(a) In bottles	12 reputed quarts	30.00
	(b) Others	Imperial gallon	6.25
380	Gin :—		
	(a) In bottles	12 reputed quarts	23.00
	(b) Others	Imperial gallon	3.50
381	Rum :—		
	(a) In bottles	12 reputed quarts	28.50
	(b) Others	Imperial gallon	4.40

No.	Name of Article	Tariff Unit and Duty Per	M.¥
382	Liqueurs	12 reputed quarts or 24 reputed pints	25.40
384	Wines, and *other Alcoholic or Non-alcoholic Beverages n. o. p. f.*:—		
	(a) Not containing Alcohol	Value	50%
	(b) Others	,,	80%
385	Cigarettes:—		
	(a) Value over *M.¥ 40.00* per 1,000 and all Cigarettes not bearing a distinctive brand or name on each Cigarette	Thousand	32.00
	(b) Value over *M.¥ 30.00* but not over *M.¥ 40.00* per 1,000	,,	28.00
	(c) Value over *M.¥ 21.00* but not over *M.¥ 30.00* per 1,000	,,	22.00
	(d) Value over *M.¥ 15.00* but not over *M.¥ 21.00* per 1,000	,,	18.50
	(e) Value over *M.¥ 10.00* but not over *M.¥ 15.00* per 1,000	,,	12.00
	(f) Value over *M.¥ 6.00* but not over *M.¥ 10.00* per 1,000	,,	8.50
	(g) Value over *M.¥ 4.00* but not over *M.¥ 6.00* per 1,000	,,	5.00
	(h) *Value over M.¥ 2.50 but not over M.¥ 4.00 per 1,000*	,,	3.00
	(i) *Value M.¥ 2.50 or less per 1,000*	,,	2.00
386	Cigars:—		
	(a) Value over *M.¥ 300.00* per 1,000	,,	235.00
	(b) Value over *M.¥ 200.00* but not over *M.¥ 300.00* per 1,000	,,	175.00
	(c) *Value over M.¥ 100.00 but not over M.¥ 200.00 per 1,000*	,,	122.00
	(d) *Value over M.¥ 50.00 but not over M.¥ 100.00 per 1,000*	,,	90.00
	(e) *Value over M.¥ 25.00 but not over M.¥ 50.00 per 1,000*	,,	45.00
	(f) *Value M.¥ 52.00 or less per 1,000*	,,	22.00
417–2	Magnesium, Chloride of	Picul	1.20
438	Soda, Sulphate of	,,	1.10
441	*Alcohols*:—		
	(a) *Ethyl Alcohol or Spirit of Wine*	Imperial gallon	0.75
	(b) *Ethyl Alcohol, Denatured*	,,	0.55
	(c) Others	Value	12½%
482	Gasolene, Naphtha or Benzine; *and Mineral Turpentine, with Specific Gravity at 15. C. not over 0.7883*:—		
	(a) In case	Case of 2 tins, each of 5 American gallons	3.18

No.	Name of Article	Tariff Unit and Duty Per	M.¥
	(b) *In tin without case*	2 tins, each of 5 American gallons	3.14
	(c) Others	10 American gallons	2.98
495	Oil Kerosens; *and Mineral Turpentine, n. o. p. f.*:—		
	(a) In case	Case of 2 tins, each of 5 American gallons	2.79
	(b) *In tin without case*	2 tins, each of 5 American gallons	2.75
	(c) *Others*	10 American gallons	2.59
502	Turpentine, *Vegetable*	Imperial gallon	0.78
513	Paper, Common Printing and Newsprinting (made chiefly of Mechanical Wood Pulp), Calendered or Uncalendered, Sized or Unsized, White or Coloured:—		
	(a) Newsprinting Paper, in rolls	Picul	1.00
	(b) Others	,,	1.50
556	Bags, Straw and Grass:—		
	(a) Of Straw-mat	Value	7½%
	(b) Others	Thousand	14.43
568	Woodware of all kinds and other Manufactures of Wood, n. o. p. f.:—		
	(a) Casks, Barrels, Packing Cases, or other ordinary Containers for Cargo	Value	7½%
	(b) Corks	,,	7½%
	(c) Furniture	,,	15%
	(d) *Agricultural Tools, Implements and Machinery, and parts thereof*		Free
	(e) Shavings (for Match Manufacturing)	Picul	0.68
	(f) Shooks for making Casks and Cases	Value	7½%
	(g) Splints (for Match Manufacturing)	Picul	0.68
	(h) Others:		
	(1) Machinery and parts thereof	Value	7½%
	(2) *Others*	,,	15%
577	Enamelled Ironware:—		
	Basins, Bowls, Cups, and Mugs:		
	(a) Not over 11 centimetres in diameter	Dozen	0.20
	(b) Over 11 centimetres but not over 22 centimetres in diameter	,,	0.30
	(c) Over 22 centimetres but not over 36 centimetres in diameter	,,	0.65
	(d) Others	Value	10%
587	Cement, Hydraulic, as Portland	Picul	0.42

No.	Name of Article	Tariff Unit and Duty Per	M.¥
607	Fans:—		
	(a) Palm-leaf	Value	15%
	(b) Paper or Cotton	„	20%
	(c) Silk	„	25%
	(d) Others	„	25%
608	Umbrellas, Sunshades, *and parts or accessories thereof*:—		
	(a) *Wholly or partly of or combined with Precious Metals, Ivory, Mother-of-Pearl, Tortois* Shell, Agate, Jewels, etc.	„	30%
	(b) *Others*:		
	(1) *Covered with Paper*	„	15%
	(2) *Covered with Cotton*	„	15%
	(3) *Covered with Silk or Silk Mixtures*	„	25%
	(4) *Others*		
	(i) *Wholly or partly of Silk*	„	25%
	(ii) Others	„	15%
621	India-rubber and Gutta-percha, and Manufactures thereof:—		
	(a) India-rubber, Grude, Old or Waste, and Gutta-percha, Crude	„	10%
	(b) *Footgear, of Rubber or with Cotton Uppers and Rubber Soles*:		
	(1) *Boots and Shoes* (*including* "*Tabi*" *Shoes*)	„	10%
	(2) Others	„	17½%
	(c) *Tires* (*including Inner-tubes*):		
	(1) *For Motor-cars*	„	10%
	(2) *Others*	„	20%
	(d) *Others*	„	20%
635	Plants and Flowers, Living:—		
	(a) *For Planting or Grafting*		Free
	(b) *Others*	„	12½%

(2) Customs Export Tariff

Imperial Ordinance No. 152

Promulgated November 14, 1934

The following revisions shall be made in the Customs Export Tariff which was adopted by virtue of Ordinance No. 3 of the First Year of Tatung concerning the provisional employment of former laws and regulations: (This is the second partial revision of the Customs Export Tariff, the first revision being promulgated on July 22, Second Year of Tatung or 1933).

EXPORT TARIFF

No.	Name of Article	Tariff Unit and Duty Per	M.¥
5	Hair, Horse		Free
6	Hair, Animal, n. o. p. f.		Free
9	Meats, Fresh or Frozen (including Game and Poultry):—		
	(a) *Beaf*		Free
	(b) *Others*	Value	7½%
11	Bones (including *those Sawn, powdered, and Waste*)		Free
12	Glue		Free
13	Horns, *Cow*		Free
19	Sinews, Tusks and Hoofs, Animal		Free
20	Tallow, Animal		Free
45	Bran		Free
52	Seed-cake (including Crushed and Powdered):—		
	(a) Bean-cake	Picul	0.055
	(b) Cotton Seed-cake	„	0.083
	(c) Groundnut Cake	„	0.070
	(d) Perills Seed-cake	„	0.040
	(e) *Others*	Value	5%
92	Oil, Castor	Picul	0.50
108	Seed, Cotton	„	0.10
117	"Kao Liang Chiu", not medicated		Free
150	Coal (including Coal Dust, and Coal Bricks manufactured from Coal Dust)	Ton	0.156
157	Beams:—		
	(a) Hardwood		Free
	(b) Softwood		Free
158	Masts and Spars:—		
	(a) Hardwood		Free
	(b) Softwood		Free
159	Piles, Poles, Joists *and other Logs*		Free
160	Planks:—		
	(a) Hardwood		Free
	(b) Softwood		Free
175	Cotton Waste (including Fly Cotton)		Free
186	Wadding, Silk		Free
199	Silk Yarn and Thread		Free
211	Woollen Carpets (including Wool and Cotton Carpets and Floor Rugs)		Free

No. 3 Organization Law of the Provincial Governments

Imperial Ordinance No. 124

Promulgated October 11, 1934

ARTICLE I. The Provincial Governments shall in all consist of the following personnel:

10 Provincial Governors—the Grade of Selected Appointment (four may be of the Grade of Special Appointment)

46 Board Directors—the Grade of Selected or Recommended Appointment

86 Directing Secretaries (Lishihkuan)—the Grade of Recommended Appointment

18 Chief Technical Experts (Chicheng)—the Grade of Recommended Appointment

10 Private Secretaries to the Governors (Mishukuan)—the Grade of Recommended Appointment
10 Police Superintendents (Tuchakuan)—the Grade of Recommended Appointment
124 Secretaries (Shihwukuan)—the Grade of Recommended Appointment
14 Police Inspectors (Chingcheng)—the Grade of Recommended Appointment
17 School Inspectors (Shihhsuehkuan)—the Grade of Recommended Appointment
34 Assistant Chief Technical Experts (Chitso)—the Grade of Recommended Appointment
1,019 Subordinate Officials (Shukuan)—the Grade of Delegated Appointment
84 Technical Experts (Chishih)—the Grade of Delegated Appointment
32 Police Sergeants (Chingtso)—the Grade of Delegated Appointment

ARTICLE II. The personnel of each Provincial Government consisting of officials mentioned in the foregoing Article shall be determined by the Minister of Civil Affairs.

ARTICLE III. The Provincial Governors shall enforce laws and orders, and shall have charge of the administration of affairs within their respective provinces under the direction and supervision of the Minister of Civil Affairs, and in respect of affairs coming under the jurisdiction of any other Minister, they shall do likewise under the direction and supervision of the Minister concerned.

ARTICLE IV. The Provincial Governors shall exercise direction and supervision over the officials of their respective Governments; they shall submit to the Minister of Civil Affairs for approval recommendations concerning promotions, degradations, resignations, rewards and punishments relating to officials of and above the Grade of Recommended Appointment; such matters affecting officials of or below the Grade of Delegated Appointment shall be determined by the Governors themselves.

ARTICLE V. The Provincial Governors may issue provincial orders regarding administrative affairs within their respective provinces in accordance with the powers invested in them or by special authorization.

ARTICLE VI. The Provincial Governors shall exercise direction and supervision over the hsien magistrates, the mayors of cities and chiefs of police headquarters within their respective provinces.

The Provincial Governors, may cancel or suspend such orders or acts of disposition of hsien magistrates, mayors of cities or chiefs of police headquarters as are deemed to be contrary to established rules and regulations or detrimental to public interest, or as are deemed ultra vires.

ARTICLE VII. Whenever any Provincial Governor requires troops for the maintenance of public peace and order, he shall submit a request for the same to the Minister of Civil Affairs. In case of an extraordinary emergency, however, he may request the local military commander to dispatch troops.

ARTICLE VIII. In case any Provincial Governor is unable to discharge his duties from any cause whatsoever, the Director of the Board of General Affairs of his Government shall act in his place.

ARTICLE IX. The Provincial Governors may entrust any portion of their functions possessed by virtue of the powers vested in them, to hsien magistrates, mayors of cities, or chiefs of police headquarters.

ARTICLE X. The Board Directors of a Provincial Government shall have charge of the affairs of their respective Boards by order of the Provincial Governor concerned.

The Director of the Board of Police Affairs shall, by order of the Provincial Governor, direct and supervise the chiefs of police headquarters, the chiefs of police bureaux, and all police officers and officials of and below the rank of police inspectors within the Province, in all matters relating to the execution of police duties.

ARTICLE XI. The Directing Secretaries and Secretaries shall have charge of assigned matters by order of their superior officials.

The Chief Technical Experts and the Assistant Chief Technical Experts shall have charge of all technical affairs by order of their superior officials.

The Private Secretaries to the Governors shall have charge of all confidential affairs and other matters specially assigned to them by order of the Provincial Governors.

The Police Superintendents shall superintend all police affairs within their respective provinces by order of their superior officials.

The Police Inspectors shall have charge of affairs concerning the police by order of their superior officials; in respect of matters concerning the execution of police duties they shall, by order of the Director of the Board of Police Affairs, direct and supervise all police officers and officials of and below the rank of sergeants.

The School Inspectors shall inspect the conditions of school affairs by order of their superior officials, and shall also have charge of educational affairs by special authorization.

The Subordinate Officials shall attend to their assigned duties under the direction of their superior officials.

The Technical Experts shall attend to their assigned technical duties under the direction of their superior officials.

The Police Sergeants shall attend to affairs concerning the police under the direction of their superior officials.

ARTICLE XII. The following five Boards shall be established in each Provincial Government: The Board of General Affairs, The Board of Civil Affairs, The Board of Police Affairs, The Board of Industry, The Board of Education.

ARTICLE XIII. A Provincial Government designated by the Minister of Civil Affairs may not have a Board of Industry and a Board of Education, or either one of the two aforementioned Boards.

In case of the former the affairs mentioned in Article 17 and Article 18, and in case of the latter the affairs mentioned in either of the aforementioned Articles shall be administered by the Board of Civil Affairs.

ARTICLE XIV. The Board of General Affairs shall have charge of matters relating to: 1. Confidential affairs; 2. Personnel; 3. Documents and the custody of official seals; 4. Accounting and general affairs; 5. Statistics and investigations; 6. Affairs not specifically assigned to any other Board.

ARTICLE XV. The Board of Civil Affairs shall have charge of matters relating to: 1. Supervision of local administration; 2. Disasters and relief; 3. Public works; 4. Land.

ARTICLE XVI. The Board of Police Affairs shall have charge of matters relating to: 1. Administrative police; 2. Judicial police; 3. Hygiene.

ARTICLE XVII. The Board of Industry shall have charge of matters relating to: 1. Agriculture, forestry, live-stock and marine products; 2. Industry and commerce.

Article XVIII. The Board of Education shall have charge of matters relating to: 1. Education and arts; 2. Rites, customs and religion; 3. Historical sites, scenic spots and natural mementos.

Article XIX. The name and territory of each Province and the seat of each Provincial Government shall be as contained in the separate list attached to the present Ordinance.

Article XX. Each Provincial Governor shall, with the approval of the Minister of Civil Affairs, determine regulations concerning the division and management of affairs of the various Boards.

Supplementary Regulations

The present Ordinance shall come into force from the first of December of the First Year Kangtê (1934).

Ordinance No. 13 of the First Year of Tatung embodying the Organization Law of the Provincial Governments, Ordinance No. 14 of the First Year of Tatung concerning the Provisional Appointment of a Counsellor to each Provincial Government, and Ordinance No. 17 of the second Year of Tatung concerning the Appointment of a Chief Secretary to each Provincial Government shall be abolished.

NAME AND TERRITORY OF EACH PROVINCE AND SEAT OF EACH PROVINCIAL GOVERNMENT

Name of Province	Territory	Seat of Prov. Gov't
Fengtien	Mukden City, and the following hsien: Liaoyang, Liaochung, Pênchi, Fushun, Shenyang, Tiehling, Kaiyuan, Hsinmin, Faku, Kangping, Haicheng, Yingkow, Kaiping, Fu, Hsingking, Chingyuan, Sifeng, Changtu, Lishu, Shuangshan, Lioayuan, Hailung, Huinan, Chinchuan, Liuho, Tungfeng, Sian and Mengkiang.	Mukden City
Kirin	Kirin City and the following hsien: Changchun, Shuangyang, Itung, Têhui, Nungan, Changling, Chenan, Fuyu, Yungchi, Hsulan, Êmu, Tunhua, Huatien, Panshih, Yushu and Huaitê.	Kirin City
Lungkiang	Tsitsihar City and the following hsien: Lungkiang, Tailai, Taikang, Chinghsin, Kannan, Fuyu, Lintien, Ian, Nungho, Koshan, Mingshui, Kotung, Paichuan, Têtu, Nênkiang, Lungchin, Tungpei, Talai, Tuchuan, Ankwang, Chintung, Kaitung, Chanyu, Taonan and Taoan.	Tsitsihar City
Jehol	Chengtê, Luanping, Fengning, Lunghua, Pingchuan, Lingyuan, Lingnan, Chinglung, Ningcheng, Chifeng, Weichang, and Chienping (all hsien)	Chengtê
Pinkiang	Acheng, Pin, Shuangcheng, Wuchang, Chuho, Weiho, Yenshou, Tungning, Ningan, Muling, Mishan, Hulin, Hulan, Payen, Mulan, Chaotung, Chaochow, Lansi, Suihua, Tunghsing, Anta, Chingkang, Wangkuei, Chingcheng, Tiehli, Suilin and Hailun (all hsien)	Harbin Special Municipality
Chinchow	Chin, Chinsi, Hsincheng, Suichung, I, Peichin, Panshan, Taian, Heishan, Changwu, Chaoyang, and Fuhsin (all hsien)	Chinhsien
Antung	Antung, Fengcheng, Chouyen, Chuanho, Kuantien, Huanjen, Chian, Tunghua, Linkiang, Changpai and Fusung (all hsien)	Antung
Chientao	Yenchi, Wangching, Holung, Hunchun and Antu (all hsien)	Yenchi
Sankiang	Fangcheng, Ilan, Poli, Paoching, Jaoho, Fuyuan, Tungkiang, Fuchin, Huachuan, Tungho, Fengshan, Tangyuan, Lopei and Suiping (all hsien)	Chiamussu
Heiho	Muho, Oupu, Huma, Aigun, Chiko, Hsunho, Fushan and Uyun (all hsien)	Heiho

N. B. No change is made in the administrative organization of Hsingan Province, which, accordingly, remains unaffected by the present law.

No. 4 Organization Law of the Provisional Industrial Research Bureau

Imperial Ordinance No. 183

Promulgated December 10, 1934

Article I. The Provisional Industrial Research Bureau shall come under the supervision of the Minister of Industry and shall take charge of the matters relating to industrial research.

Article II. The Provisional Industrial Research Bureau shall consist of the following staff members:

One Director;

Three Directing Secretaries (Lishukuan)—Grade of Recommended Appointment, one may be of the Grade of Selected Appointment;

One Chief Technical Expert (Chichong)—Grade of Selected Appointment;

Seven Secretaries (Shiwukuan)—Grade of Recommended Appointment;

Twelve Technical Experts (Chitso)—Grade of Recommended Appointment;

Twenty-nine Subordinate Officials (Shukuan)—Grade of Delegated Appointment;

Fifty-four Assistant Technical Experts (Chishin)—Grade of Delegated Appointment.

Article III. The Director of the Provisional Industrial Research Bureau shall be of the Director of the General Affairs Bureau of the Department of Industry.

The Director shall manage the affairs of the said Bureau, and supervise its officials, under the direction and supervision of the Minister of Industry.

Article IV. The Directing Secretaries (Lishukuan) and the Secretaries (Shiwukuan) shall take charge of the office business by order of their superior officials.

Article V. The Chief Technical Expert (Chichong) and the Technical Experts (Chitso) shall take charge of the technical matters by order of their superior officials.

ARTICLE VI. The Subordinate Officials (Shukuan) shall attend to the general office duties by order of their superior officials.

ARTICLE VII. The Assistant Technical Experts (Chishih) shall attend to the technical matters by order of their superior officials.

ARTICLE VIII. Regulations concerning the division and management of the affairs of the Provisional Industrial Research Bureau shall be determined by the Minister of Industry.

Supplementary

The present Law shall take effect as from the date of its promulgation.

No. 5 Regulations Governing Foreign Labourers

Departmental Order No. 1 of the Dept. of Civil Affairs
Promulgated March 21, 1935

ARTICLE I. Matters concerning foreign labourers entering this country shall be regulated in accordance with the present Order and the Regulations Governing the Entry of Foreigners into Manchoukuo. The foregoing provision, however, shall not apply to labourers of any country with which this State has reached a separate agreement.

ARTICLE II. The term "foreign labourers", as used in the present Order means those foreigners who are engaged in any labour relating to agriculture, forestry, fisheries, mining, commerce, public works, building, manufacturing or communications, or in any other miscellaneous services.

ARTICLE III. Every foreign labourer when entering this country shall present to the police officer or officers concerned his certificate of identification issued by a duly authorized agent handling foreign labourers, and shall receive an unofficial stamp of entry permission.

ARTICLE IV. Every foreign labourer in this country shall always carry with him his certificate of identification mentioned in the foregoing Article, and shall, when leaving this country, return the said certificate of identification to the police officer or officers concerned at the place of departure.

In case any foreign labourer has lost or damaged his certificate of identification mentioned in the foregoing Article, he shall receive another certificate from the agent concerned handling foreign labourers.

ARTICLE V. Every agent handling foreign labourers shall issue to each foreign labourer before the latter's entry into this country, a certificate of identification containing the following facts: 1. Permanent place of domicile; Name and Age; 2. Kind of labour; 3. Place of entry; 4. Destination.

On each certificate of identification a photograph of the labourer in question shall be pasted, and a seal shall be stamped thereupon.

ARTICLE VI. Any agent handling foreign labourers who wishes to collect a fee for issuing a certificate of identification, shall obtain the approval of the Minister of Civil Affairs.

ARTICLE VII. No agent handling foreign labourers shall issue a certificate of identification to any person coming under any one of the following categories: 1. Persons of uncertain identity; 2. Persons of unhealthy physique; 3. Persons without prospects of employment; 4. Persons who have been refused the right of residence in, or entry into, this country.

ARTICLE VIII. Every agent handling foreign labourers shall be under the following obligations towards those labourers whom he handled: 1. To assist

them in entering and leaving the country; 2. To deport any of them by order of any government office concerned; 3. To aid any of them during illness or disaster.

ARTICLE IX. No person shall become an agent for foreign labourers unless he has obtained the approval of the Minister of Civil Affairs.

When he deems it necessary, the Minister of Civil Affairs may order any agent handling foreign labourers to furnish a security.

ARTICLE X. If the Minister of Civil Affairs deems that any act committed by an agent handling foreign labourers is in violation of the present Order or any order issued on the basis of the provisions of the present Order, or if he deems that there is danger of public peace being disturbed, he may cancel the license of such agent.

Even if the license of any agent handling foreign labourers is cancelled in accordance with the foregoing provision, such agent shall not be exempted from any of the obligations set forth in Article VIII, which he owes to those labourers whom he has handled.

ARTICLE XI. If they deem that there is danger of any foreign labourers disturbing peace and order or corrupting public morals, manners and customs, the Governor of the North Manchuria Special District, the Superintendent-General of the Metropolitan Police, the chiefs of the police headquarters, the hsien magistrates and the chiefs of the special police forces may order the deportation of such foreign labourer.

ARTICLE XII. Any master of a ship who has permitted a foreign labourer without a certificate of identification issued by an agent handling foreign labourers, to board his ship and journey to this country, and who has attempted to land such labourer, may be ordered by the chief of the police station concerned to send back such labourer to the place where the latter boarded his ship.

ARTICLE XIII. Any master of a ship who violates such order as mentioned in the foregoing Article shall be punished with a fine of not exceeding one hundred yuan (M. ¥ 100).

ARTICLE XIV. Any persons coming under any one of the following categories shall be punished with imprisonment of not exceeding two months or a fine not exceeding one hundred yuan (M. ¥ 100): 1. Persons who were or are engaged in business as agents handling foreign labourers without a license; 2. Persons who have brought foreign labourers into this country without conforming to the provisions of the present Order.

Supplementary

The present Order shall come into force on the date of its promulgation.

No. 6 North Manchuria Railway Transfer

(1) Law Concerning the North Manchuria Railway Loans

Imperial Ordinance No. 12
Promulgated March 14, 1935

ARTICLE I. For defrayment of expenses in connection with the cession to Manchoukuo of the rights of the Union of Soviet Socialist Republics concerning the North Manchuria Railway, the Government may, from time to time, float loans to the amount not exceeding 180,000,000 yen in total in Japanese currency, or may receive advance payments on such loans.

ARTICLE II. The rates of interest on the above-mentioned loans and advance payments on the same, the prices of issue, matters relating to redemption of principal and payment of interest, as well as all other matters concerning such loans and advance payments on the same, shall be determined by the Minister of Finance.

ARTICLE III. All properties and revenues of the North Manchuria Railway shall be offered as security for the loans and advance payments on the same herein mentioned.

ARTICLE IV. Each issue of the loans and each advance payment on the same herein mentioned may enjoy prior rights over all other claims, in respect of the security mentioned in the foregoing Article, and may receive equal and common treatment in matters concerning their redemption.

Supplementary Regulation

The present Law shall come into force on the day of its promulgation.

(2) Agreement between Manchoukuo and the Union of Soviet Socialist Republics for the Cession of the North Manchuria Railway, March 23, 1935

ARTICLE I. The Government of the Union of Soviet Socialist Republics shall cede to the Government of Manchoukuo all the rights they possess concerning the North Manchuria Railway (Chinese Eastern Railway), in consideration of which the Government of Manchoukuo shall pay to the Government of the Union of Soviet Socialist Republics the sum of one hundred and forty million (140,000,000) yen in Japanese currency.

ARTICLE II. All the rights of the Government of the Union of Soviet Socialist Republics concerning the North Manchuria Railway (Chinese Eastern Railway) shall pass to the Government of Manchoukuo upon the coming into force of the present Agreement, and at the same time the North Manchuria Railway (Chinese Eastern Railway) shall be placed under the complete occupation and the sole management of the Government of Manchoukuo.

ARTICLE III. 1. Upon the coming into force of the present Agreement, the senior members of the administration of the North Manchuria Railway (Chinese Eastern Railway) who are citizens of the Union of Soviet Socialist Republics shall be released from their duties. The said senior members of the administration of the Railway shall hand over all the archives, records, papers and documents of whatever description in their charge to their respective successors in the new administration of the Railway.

It is understood that the term the "senior members of the administration of the North Manchuria Railway (Chinese Eastern Railway)" employed in the present Article indicates:

(A) All the members of the Board of Directors and of the Audit Committee.
(B) The general manager and assistant manager of the Administration.
(C) The assistant chief controller.
(D) All the managers and sub-managers of the Departments of the Board of Directors, the Audit Committee, the Control and the Administration. All agents for commission, engineers for commission. All the senior agents, advisers and chiefs of the sections and sub-sections.

2. With the aim of ensuring the normal functioning of the Railway, the Government of the Union of Soviet Socialist Republics agree to place at the disposal of the new administration the following persons from among the senior members of the administration of the Railway who are citizens of the Union of Soviet Socialist Republics as advisers for one month from the date of the coming into force of the present Agreement:

(A) The general manager of the Administration.
(B) The manager of General Affairs Office of the Administration.
(C) The manager of the Motive Power Department of the Administration.
(D) The chief of the Financial Department of the Administration.
(E) The manager of the Commercial Department of the Administration.

3. At any time after the coming into force of the present Agreement, the Government of Manchoukuo may dismiss any or all of the following persons:

(A) All the chiefs of railway sections, stations and depots.
(B) The chiefs of all the following auxiliary enterprises of the Railway:
  a. Forest concessions and lumbering; b. Coal mines; c. Power stations; d. Printing plant; e. Auxiliary enterprises of the Commercial Department; f. Nursery and green-house in Harbin; g. Main workshops of the Ways Department; h. Wool-washing works and hydro-loading works; i. Water works in Harbin; j. Soft-drinks factory; k. Saw-mill; l. Gradations of beans; m. Waste-cleaning works; n. Grand Hotel; o. Health resorts and sanatoria; p. Hospitals and clinics; q. Library; r. Economic Bureau.

4. The persons referred to in Section 1 of the present Article shall have the right to remain in Manchoukuo and to retain their railway lodgings for one month after the coming into force of the present Agreement.

The persons referred to in Section 2 of the present Article shall have the right to remain in Manchoukuo and to retain their railway lodgings for one month after the coming into force of the present Agreement.

The persons who have been dismissed by virtue of Section 3 of the present Article shall have the right to receive their regular salary for one month from the date of their dismissal. They shall have the right to remain in Manchoukuo and to retain their railway lodgings for two months from the date of their dismissal.

ARTICLE IV. The Government of Manchoukuo shall succeed to the assets and liabilities of the North Manchuria Railway (Chinese Eastern Railway) in accordance with the list of assets and liabilities of the Railway as on December 31st, 1933, presented by the Delegation of the Government of the Union of Soviet Socialist Republics on March 22nd, 1934, to the Delegation of the Government of Manchoukuo through the Minister for Foreign Affairs of Japan, as supplemented by the lists which were made on March 17th and March 21st, 1935, in order to show the changes sustained by the assets and liabilities included in the first list from the date of the first list up to the date of the last list and also to show the new assets and liabilities which have arisen on and after January 1st, 1934.

It is agreed that the provisions of Section 4, Article IX, of the Agreement on General Principles for the Settlement of the Questions between the Union of Soviet Socialist Republics and the Republic of China signed at Peking on

May 31st, 1924, and those of Section 3, Article I, of the Agreement between the Government of the Union of Soviet Socialist Republics and the Government of the Autonomous Three Eastern Provinces of the Republic of China signed at Mukden on September 20th, 1924, shall remain in force.

Article V. The Government of the Union of Soviet Socialist Republics shall have the right to maintain the following property for the use of their Consulate General in Harbin in the form of a permanent and rent-free lease:

a. The land and buildings now occupied by the said Consulate General:
Locality: Yio-Ching-Kai, Chin-Chia-Kang.
Area: 14,873.68 square metres.
Buildings:
Office, No. 1049: 2,174.90 square metres.
Residence, No. 1047: 685.37 square metres.
Residence, No. 1048: 1,447.61 square metres.
Garage and its annex, No. 1051: 245.88 square metres.
Guard-room, No. 1052: 38.90 square metres.

b. The land and building now occupied by the officials of the said Consulate General:
Locality: Hai-Cheng-Kai, Chin-Chia-Kang.
Area: 2,530 square metres.
Building: No. 934: 258.51 square metres.

The following property shall be leased rent-free and *sine die* to the Consul General of the Union of Soviet Socialist Republics in Harbin on the day of the coming into force of the present Agreement, and shall immediately thereafter be placed and remain under the occupation and management of the community of the citizens of the Union of Soviet Socialist Republics in Harbin to be used solely for the purposes prescribed hereunder:

a. The IVth School of the North Manchuria Railway (Chinese Eastern Railway), situated at No. 35, Shang-Wu-Kai, Tao-Li, Harbin, with all the buildings and property to be found there, to be used for the elementary and secondary education of the said community.

b. The land known under No. 949, at the corner of Kao-Shi-Kai and Ching-Cha-Kai, Tao-Li, Harbin, with all the buildings on it, which are to be used in the future as a hospital.

Within one month from the date of the coming into force of the present Agreement, a library shall be selected, for the use of the above-mentioned IVth School, from the books of the North Manchuria Railway (Chinese Eastern Railway) Library in Harbin, by mutual agreement between the local authorities of Manchoukuo and the Consul General of the Union of Soviet Socialist Republics in Harbin. The books so selected shall be transferred to the said School.

Article VI. The properties occupied by the North Manchuria Railway (Chinese Eastern Railway) which are claimed by the Government of the Union of Soviet Socialist Republics as belonging to them and not to the Railway, and the properties existing in the territory of the Union of Soviet Socialist Republics which are claimed by the Government of Manchoukuo as belonging to the North Manchuria Railway (Chinese Eastern Railway), are regarded as having been mutually renounced by respective Governments in favour of the other Government, and neither Government shall in future raise against the other Government any demand concerning the said properties.

The above provisions shall not apply to the properties (buildings and their sites and other railway properties) of the Transbaikal Railway now existing at Manchuli, and the properties of the Ussuri Railway now existing at Suifenho, which are actually occupied respectively by the said two Railways and shall remain their property under their management.

Article VII. Out of the sum of one hundred and forty million (140,000,000) yen in Japanese currency referred to in Article I of the present Agreement, the sum of forty-six million seven hundred thousand (46,700,000) yen shall be paid in cash in accordance with the provisions of Article VIII of the present Agreement, and the settlement for the remaining sum of ninety-three million three hundred thousand (93,300,000) yen shall be effected in the form of payments made by the Government of Manchoukuo for goods delivered to the Government of the Union of Soviet Socialist Republics in accordance with the provisions of Article IX of the present Agreement.

Article VIII. Out of the sum of forty-six million seven hundred thousand (46,700,000) yen to be paid in cash in accordance with the provisions of Article VII of the present Agreement, the sum of twenty-three million three hundred thousand (23,300,000) yen shall be paid simultaneously with the signing of the present Agreement.

The remaining sum of twenty-three million four hundred thousand (23,400,000) yen as well as the simple interest as the rate of three per cent. per annum is to be paid by the Government of Manchoukuo to the Government of the Union of Soviet Socialist Republics in the form of the Treasury Bonds of the Government of Manchoukuo. The said Treasury Bonds are to be issued of the following amounts and mature on the dates indicated hereunder: six million three hundred and seventy-six thousand five hundred (6,376,500) yen maturing on December 23rd, 1935; six million two hundred and forty-four thousand eight hundred and seventy-five (6,244,875) yen maturing on September 23rd, 1936; six million one hundred and thirteen thousand two hundred and fifty (6,113,250) yen maturing on June 23rd, 1937; five million nine hundred and eighty-one thousand six hundred and twenty-five (5,981,625) yen maturing on March 23rd, 1938. The Treasury Bonds of the Government of Manchoukuo mentioned above are to be issued in favour of the Government of the Union of Soviet Socialist Republics and are to be delivered by the Representative of the Government of Manchoukuo to the Representative of the Government of the Union of Soviet Socialist Republics simultaneously with the signing of the present Agreement, and shall be paid at the Industrial Bank of Japan, Ltd.

In case the exchange rate of the yen in terms of the Swiss franc calculated on the basis of the respective exchange rates of the yen and the Swiss franc in London on the day before the date of payment of any of the second and subsequent instalments provided for in the present Article should be lower or higher by eight per cent. or more in comparison with the exchange rate of the yen in terms of the Swiss franc as calculated on the basis of the respective exchange rates of the yen and the Swiss franc in London on the date of the coming into force of the present Agreement, the amount of the said instalment shall be increased or reduced, as the case may be, so that the value in Swiss francs of the instalment shall be the same as it is on the date of the coming into force of the present Agreement.

In case the present gold parity of Swiss franc being equivalent to nine thirty-firsts of one gram of fine gold should be altered or in case the convertibility of the Swiss franc into gold should be suspended, the following method shall be adopted in place of the method provided for in the preceding paragraph.

In case the weight of fine gold whose value, when calculated on the basis of the price of gold and the exchange rate of the yen in London on the day before the date of payment of any of the second and subsequent instalments provided for in the present Article, is equal to the amount of the instalment, should be less or more by eight per cent. or more in comparison with the weight of fine gold whose value, when calculated on the basis of the price of gold and the exchange rate of the yen in London on the date of the coming into force of the present Agreement, is equal to the said instalment, the amount of the instalment shall be increased or reduced, as the case may be, so that the value in fine gold of the instalment shall be the same as it is on the date of the coming into force of the present Agreement.

ARTICLE IX. The settlement for the sum of ninety-three million three hundred thousand (93,300,000) yen, to be effected in the form of payments made by the Government of Manchoukuo for the goods delivered to the Government of the Union of Soviet Socialist Republics, as provided for in Article VII of the present Agreement, shall be executed in the following manner:

1. The Trade Representation of the Union of Soviet Socialist Republics in Japan will make contracts for the purchase of goods produced or manufactured in Manchoukuo or Japan, with the subjects or juridical persons of either of these two countries, up to the sum of ninety-three million three hundred thousand (93,300,000) yen indicated in Article VII within the period of six months from the date of the coming into force of the present Agreement. The delivery of the goods thus purchased shall be effected to the Trade Representation in Japan by the above-mentioned subjects or juridical persons within the period of three years from the date of the coming into force of the present Agreement in accordance with the terms of the contracts concerned, it being understood that the goods so delivered in the course of each of the six equal periods of six months constituting the said three years shall not exceed in value the sum of thirty-one million one hundred thousand (31,100,000) yen and that the total amount of the goods delivered in the course of each of the three equal periods of one year constituting the said three years shall not exceed in value the sum of thirty-one million one hundred thousand (31,100,000) yen.

2. The terms of payment for the goods shall be arranged in such a way that for each such period of six months in the course of the said three years the Government of Manchoukuo shall make payment not exceeding the sum of fifteen million five hundred and fifty thousand (15,550,000) yen for the delivery of the goods mentioned in the foregoing Section and in case any balance of that sum shall for any reason remain unpaid at the end of any such period of six months, such balance shall be paid off during the next six months and so on, so that the whole sum of ninety-three million three hundred thousand (93,300,000) yen shall be paid off by the end of the said three years.

3. It is agreed that should the above-mentioned contracts not be concluded within the period of six months after the coming into force of the present Agreement, the Trade Representation shall have the right to make such contracts after the expiration of the said period of six months, and further that, should any of the parties other than the Trade Representation to the contracts

concluded in accordance with the foregoing provisions of the present Article fail to carry out such contracts or to fulful such contracts in a proper manner for which reason these contracts are abrogated, the Trade Representation shall in each case have the right to conclude fresh contracts with other subjects or juridical persons of Manchoukuo or Japan, in which case the latter contracts may provide for the payment for and the delivery of the goods to be effected after the three years' term above mentioned.

4. The contracts mentioned in the present Article shall be concluded either c. i. f. or f. o. b. at the choice of the Trade Representation and shall provide for payments in each for goods by the Government of Manchoukuo.

5. When the Trade Representation have concluded a contract for the purchase of goods with the subjects or juridical persons of Manchoukuo or Japan, the Trade Representation shall give the Financial Attaché to the Legation of Manchoukuo in Japan a résumé of the contract, mentioning the names of the parties to the contract, the description, place of origion and quantity of the goods, the total amount of the sums to be paid, the date and place of delivery of the goods and of the payment therefor, as well as any other terms of the payment and delivery, including any provisions for payment in advance. The said résumé shall be attested by both parties to the contract. Besides this, so far as circumstances permit, certificates of origin issued by any chamber of commerce and industry in Manchoukuo or Japan in respect of the goods, or by any other organization authorized to issue such certificates by the Government of either of these two countries, shall be presented to the Financial Attaché by the seller of the goods.

The Financial Attaché, upon receipt of the résumé of the contract, provided its contents do not conflict with the provisions of the present Article, shall notify, not later than within seven days thereafter, the Trade Representation and the seller of the goods concerned to the effect that the Government of Manchoukuo undertake to effect payment for the goods in conformity with the said résumé of the contract.

For the purpose of obtaining a settlement of his accounts the seller of the goods shall hand to the Trade Representation to dispose of the said goods (bill of lading, invoice, etc.).

The Financial Attaché, upon receipt of the notification given by the Trade Representation to the effect that the delivery of the goods referred to in the résumé of the contract has been accomplished, shall issue a cheque to order drawn with the Industrial Bank of Japan, Ltd., as payer, the seller of the goods as payee and the price of the goods as its face amount, and shall deliver it to the seller on the date of payment, and, in case the presentation of the certificates of origin of the goods above referred to shall have been prevented at the time of presentation of the résumé of the contract, against such certificates. The seller of the goods shall give a receipt for the said cheque. Payment in advance to the seller of the goods may be effected in a similar manner by the Financial Attaché in conformity with the résumé of the contract against the advice of the Trade Representation to the effect that such payment shall be made.

6. It is understood that in the present Article the term "goods manufactured in Manchoukuo or Japan" indicates goods manufactured within either of the said two countries from raw materials imported from any other countries as well as from raw materials produced in either and that the term "juridical persons of Manchoukuo or Japan" indicates the juridical persons which are

or may be incorporated in accordance with the law of Manchoukuo of Japan respectively.

ARTICLE X. 1. Three months' notice shall be given to each of the employees of the North Manchuria Railway (Chinese Eastern Railway), other than those included in the provisions of Article III of the present Agreement, who are citizens of the Union of Soviet Socialist Republics and whom the Government of Manchoukuo may desire to dismiss from reasons of convenience on the part of the Government of Manchoukuo after the coming into force of the present Agreement.

2. Employees of the North Manchuria Railway (Chinese Eastern Railway) who are citizens of the Union of Soviet Socialist Republics and who may be dismissed shall have the right to remain in Manchoukuo for two months after their dismissal in order to dispose of their personal affairs.

3. Employees of the North Manchuria Railway (Chinese Eastern Railway) who are citizens of the Union of Soviet Socialist Republics shall continue in the full enjoyment of their rights in movable and immovable property in accordance with the laws of Manchoukuo.

4. Employees of the North Manchuria Railway (Chinese Eastern Railway) who are citizens of the Union of Soviet Socialist Republics shall enjoy the full right to dispose of their property in accordance with the laws of Manchoukuo and to carry their property out of Manchoukuo either in its original form or in its money equivalent in any foreign currency.

5. Employees of the North Manchuria Railway (Chinese Eastern Railway), who are citizens of the Union of Soviet Socialist Republics and who have retired through dismissal or of their own accord and who leave for the territory of the Union of Soviet Socialist Republics within two months after their retirement, shall be granted the privilege of free transport over the North Manchuria Railway (Chinese Eastern Railway) for themselves, their families, and their personal and household effects either to the station of Manchuli or to the station of Suifenho, at their own option.

ARTICLE XI. 1. The various descriptions of retiring allowances and payments—(discharge allowances and other sums due to employees in respect of service on the Railway, employees' savings in the Relief Savings Association and the payments additional thereto on the part of the Railway including interest, pensions and block grants in accordance with the regulations of the Relief Savings Association, as well as pensions and compensations for personal injuries according to the "Regulations of 1912 relating to the indemnification of persons who have met with accidents")—to employees of the North Manchuria Railway (Chinese Eastern Railway) who are citizens of the Union of Soviet Socialist Republics and who may be dismissed or may retire of their own accord after the coming into force of the present Agreement, so far as such allowances and payments are in respect of the period before the coming into force of the present Agreement, shall be individually reckoned and paid out in accordance with the regulations of the North Manchuria Railway (Chinese Eastern Railway) in force up to the date of the coming into force of the present Agreement, as modified by the provisions of the present Article.

Note. Discharge allowances for the period up to November 11th, 1930, are to be paid according to the rates existing up to November 11th, 1930.

2. Employees who are citizens of the Union of Soviet Socialist Republics and who are dismissed or retire of their own accord after the coming into force of the present Agreement shall be considered as employees who have been dismissed as the result of the abolition of offices, so far as concerns the calculation of the various descriptions of retiring allowances and payments.

3. Discharge allowances and other payments relative to service concerning the Railway, and compensations for injuries sustained in such services, as well as savings and the prescribed interest thereon, shall be paid within a fortnight from the day of dismissal or retirement, provided that in respect of persons who shall be dismissed, half the amount of such savings shall be paid within two months from the date of the notice of such dismissal.

The block grants to persons who have been in the service of the Railway for less than ten years as well as payments additional to savings together with the prescribed interest thereon shall be paid in four equal instalments within two years from the date of dismissal or retirement. The first instalment shall be paid within a fortnight, and the second instalment at the end of a year after the date of dismissal or retirement, and the third and the fourth instalments shall be paid at the end respectively of six and twelve months after the payment of the second instalment. As regards the last three of these instalments, the Government of Manchoukuo shall issue bonds for the amounts due drawn up in the name of the respective persons and maturing on the dates prescribed above. These bonds shall be delivered to the respective recipients simultaneously with the payment of the first instalment above referred to and shall not be transferred thereafter to any other person.

Persons who have been in the service of the Railway for ten years or more shall be deemed entitled to pensions without undergoing the examination of their working efficiency, and the said pensions, instead of being paid annually, shall be paid in a block grant, that is to say, a sum eight and a half times the sum payable annually in respect of a pension shall be paid to the recipient in four equal instalments in the course of two years, in accordance with the provisions of the preceding paragraph.

Note 1. The examination of the working efficiency of employees who have been in the service of the Railway for less than ten years will be effected according to the regulations of the North Manchuria Railway (Chinese Eastern Railway) in force up to the date of the coming into force of the present Agreement.

Note 2. Pensions for personal injuries, instead of being paid annually, shall be paid in block grants, that is to say, a sum eight and a half times the sum payable annually shall be paid to the recipients in the same manner as for persons who have been in the service of the Railway for ten years or more.

4. Employees of the North Manchuria Railway (Chinese Eastern Railway) who are in debt to the Railway shall have the sum of their indebtedness deducted from the various descriptions of retiring allowances and other payments due to them.

5. The various descriptions of retiring allowances and payments shall be paid in the currency of Manchoukuo at the exchange rate against the rouble of the North Manchuria Railway (Chinese Eastern Railway) existing at the date of the coming into force of the present Agreement and applied by the said Railway for settlements with their employees. The recipients of these retiring allowances and payments shall be allowed to remit the money they have received to other countries after having converted it into foreign currency.

6. The various descriptions of retiring allowances and payments and the bonds of the Government of Manchoukuo shall be paid or delivered to the legal recipients direct, but persons who have returned to the territory of the Union

of Soviet Socialist Republics in Harbin or any other person to receive them. Persons who have given such authority shall at the same time inform the North Manchuria Railway (Chinese Eastern Railway) to that effect.

7. Those persons who have retired before the coming into force of the present Agreement and are now being paid pensions shall continue to receive the pensions as previously in accordance with the regulations of the North Manchuria Railway (Chinese Eastern Railway) in force up to the date of the coming into force of the present Agreement, irrespective of whether the said regulations shall remain in force, be modified or abrogated thereafter. In this case Section 5 of the present Article shall be applied as regards the exchange rate against the rouble of the North Manchuria Railway (Chinese Eastern Railway), and, in case the legal recipients should be returning or should have returned to the territory of the Union of Soviet Socialist Republics, as regards remittances to other countries.

8. The sums which are to be paid out by the Administration or the Relief Savings Association of the North Manchuria Railway (Chinese Eastern Railway) to employees who are citizens of the Union of Soviet Socialist Republics and of which neither the legal recipients nor their proxies or successors have demanded payment up to the date of the coming into force of the present Agreement, shall be disposed of in accordance with the regulations of the North Manchuria Railway (Chinese Eastern Railway) in force up to the date of the coming into force of the present Agreement.

9. Employees who have been dismissed or have retired after the coming into force of the present Agreement shall, during a period of one month from the date of their dismissal or retirement, retain their full rights with regard to their railway lodgings under the same conditions as before.

Article XII. It is understood that the term "North Manchuria Railway (Chinese Eastern Railway)" includes all the rights, enterprises and properties appurtenant thereto.

Article XIII. The Government of Manchoukuo and the Union of Soviet Socialist Republics, with a view to promote and facilitate the intercourse and traffic between the two countries, shall conclude, within three months from the date of the coming into force of the present Agreement, a separate agreement which will provide for the settlement of questions concerning the conveyance of passengers, luggage and goods in transit, direct service for passengers, luggage and goods between railway stations of the Union of Soviet Socialist Republics and those of the North Manchuria Railway (Chinese Eastern Railway), and also, technical conditions permitting, direct services without reloading of goods between the Ussuri Railway and the North Manchuria Railway (Chinese Eastern Railway) via the station of Suifenho.

Within the period of the said three months, the two Governments shall conclude another separate agreement which will provide for telegraphic connection between the telegraphic lines hitherto operated by the North Manchuria Railway (Chinese Eastern Railway) and those of the Union of Soviet Socialist Republics.

Article XIV. The present Agreement shall come into force on the date of its signature.

(3) Final Protocol Entered into by the Governments of Manchoukuo and the U. S. S. R.,

March 23, 1935

Article I. 1. It is understood that the handing over of archives, records, papers and documents as stipulated in Section 1 of Article III of the Agreement is not intended to involve anything in the nature of rendering accounts.

2. Whereas the new administration of the Railway is at liberty whether to adopt or not the advice given by the advisers mentioned in Section 2 of Article III of the Agreement, the said advice can on no occasion result in any responsibility being imposed on the Government of the Union of Soviet Socialist Republics or on these persons.

Article II. The stipulation of Article V of the Agreement concerning the property which is to be placed under the occupation and management of the community of the citizens of the Union of Soviet Socialist Republics in Harbin shall not in any way preclude the application of the law of Manchoukuo as to the said property, its occupation and management.

Article III. The Government of Manchoukuo agree to grant subsidies, in the same manner as up to the date of the coming into force of the Agreement, to schools which are under the management of the 4th Section of the Educational Department of the Office of the Pin-Chiang Province and used for education of children of the employees of the North Manchuria Railway (Chinese Eastern Railway) who are citizens of the Union of Soviet Socialist Republics, for three months after the coming into force of the Agreement.

Article IV. The school inventory purchased from funds supplied by the parents who are citizens of the Union of Soviet Socialist Republics, as well as the stage appurtenances acquired by former Vice-Chairman of the Board of Directors of the North Manchuria Railway (Chinese Eastern Railway), are to be turned over to the Consul General of the Union of Soviet Socialist Republics in Harbin as property not belonging to the North Manchuria Railway (Chinese Eastern Railway).

Article V. The Government of Manchoukuo take no exception to the liquidation of the cooperative society of the employees of the North Manchuria Railway (Chinese Eastern Railway) in accordance with its Articles and will permit certain members of the society who are citizens of the Union of Soviet Socialist Republics and whose presence is required for the purposes of such liquidation to remain in Manchoukuo till the completion thereof.

Article VI. Until the conclusion within the prescribed period of the separate agreement concerning the telegraphic connection provided for in Article XIII of the Agreement, the status quo of such connection shall be maintained.

The present Final Protocol shall constitute an integral part of the above-mentioned Agreement and come into force simultaneously with the said Agreement.

(4) Notes Exchanged Between Japan and the U. S. S. R.

Tokyo, March 23rd, 1935.

Monsieur l'Ambassadeur,

As the result of the guarantee given this day by the Japanese Government to the Government of the Union of Soviet Socialist Republics regarding the fulfilment by the Government of Manchoukuo of all the obligations of payment which the latter are under in favour of the Government of the Union of Soviet Socialist Republics in accordance with the provisions of the Agreement for the Cession to Manchoukuo of the Rights of the Union of Soviet Socialist Republics concerning the North Manchuria Railway (Chinese Eastern Railway), signed this day by the Plenipotentiaries of the Union of Soviet Socialist Republics and Manchoukuo, I have the honour to inform Your Excellency as follows:

In case any difficulties should arise in connection with the execution of payments on the part of the Government of Manchoukuo, the Japanese Government will make every effort necessary under the given circumstances in order that the Government of the Union of Soviet Socialist Republics may receive all the payments due to them from the Government of Manchoukuo wholly and within the respective limits of time prescribed by the said Agreement, so that the Government of the Union of Soviet Socialist Republics may suffer absolutely no less in connection with the said difficulties.

I avail myself of this opportunity to renew to Your Excellency, Monsieur l'Ambassadeur, the assurances of my highest consideration.

(Signed) Koki Hirota

H. E. Monsieur Constantin Youreneff,
Ambassador Extraordinary, etc.

Tokyo, March 23rd, 1935

Monsieur le Ministre,

I have the honour to acknowledge the receipt of Your Excellency's Note of today's date, in which you are good enough to inform me as follows:

"As the result of the guarantee given this day by the Japanese Government to the Government of the Union of Soviet Socialist Republics regarding the fulfilment by the Government of Manchoukuo of all the obligations of payment which the latter are under in favour of the Government of the Union of Socialist Republics in accordance with the provisions of the Agreement for the Cession to Manchoukuo of the Rights of the Union of Soviet Socialist Republics concerning the North Manchuria Railway (Chinese Eastern Railway), signed this day by the Plenipotentiaries of the Union of Soviet Socialist Republics and Manchoukuo, I have the honour to inform Your Excellency as follows:

In case any difficulties should arise in connection with the execution of payments on the part of the Government of Manchoukuo, the Japanese Government will make every effort necessary under the given circumstances in order that the Government of the Union of Soviet Socialist Republics may receive all the payments due to them from the Government of Manchoukuo wholly and within the respective limits of time prescribed by the said Agreement, so that the Government of the Union of Soviet Socialist Republics may suffer absolutely no loss in connection with the said difficulties."

In reply, I beg to state that I take note of your communication as above mentioned.

I avail myself of this opportunity to renew to Your Excellency, Monsieur le Ministre, the assurances of my highest consideration.

(Signed) C. C. Youreneff

H. E. Monsieur Koki Hirota,
Minister for Foreign Affairs of Japan.

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(5) Protocol, Entered into by the Governments of Japan, Manchoukuo and the U. S. S. R., March 23, 1935

Article I. When the Trade Representation of the Union of Soviet Socialist Republics purchases goods produced or manufactured in Japan or Manchoukuo from the subjects or juridical persons of either of these two countries in accordance with Article IX of the Agreement between Manchoukuo and the Union of Soviet Socialist Republics for the Cession to Manchoukuo of the Rights of the Union of Soviet Socialist Republics concerning the North Manchuria Railway (Chinese Eastern Railway), the Governments of Japan and Manchoukuo shall afford all possible facilities and assistance to the Trade Representation in order that the negotiations conducted may be fair and normal in such a manner as to ensure the conclusion of the purchase contracts within six months from the date of the coming into force of the above-mentioned Agreement and that the purchase contracts may be fulfilled exactly.

It is understood that in the present Protocol the terms "goods manufactured in Japan or Manchoukuo" and "juridical persons of Japan or Manchoukuo" are respectively used in the meaning given by Article IX of the above-mentioned Agreement.

Article II. The Government of Japan and the Government of Manchoukuo declare that they are prepared to take necessary measures through the authorities concerned, in order that the subjects or juridical persons as aforesaid, in their negotiations for contracts with the Trade Representation, may not ask for unduly high prices, thereby making the conclusion of contracts impossible.

The Government of the Union of Soviet Socialist Republics declare that they are prepared to take necessary measures with the Trade Representation, so that the Trade Representation, in its negotiations for contracts with subjects or juridical persons of Japan or Manchoukuo, may not ask for unduly low prices, thereby making the conclusion of contracts impossible.

Article III. In the negotiations for the conclusion of a purchase contract, in case the Trade Representation and the subjects or juridical persons of Japan or Manchoukuo cannot come to an agreement with regard to the price of the goods as well as any other terms of payment for and delivery of the goods, the parties to the negotiations can jointly or independently apply for mediation regarding the disagreement to the Standing Mediation Commission, which shall be constituted within ten days after the coming into force of the present Protocol and which shall consist of one commissioner appointed by the Government of Japan, one by the Government of Manchoukuo and two by the Government of the Union of Soviet Socialist Republics.

The Mediation Commission, when they have received such an application, shall come to what they deem a fair opinion and shall recommend either or both parties to the negotiations to conclude a contract in accordance with the said opinion. In the case of an application with regard to the price of the goods, the Commission in deciding such opinion shall adopt as the standard the price of such goods at the appropriate Exchange in Japan or Manchoukuo, or, in the absence of any such price, the export price, or, in default of any export price, the wholesale price, obtaining in the principal appropriate market of Japan or Manchoukuo, as the case may be, while with regard to goods the price of which can not be fixed on the basis of the price at the Exchange, the export price or the wholesale price as above-mentioned, the Commission shall fix a fair price on the basis of the whole of the information available with regard to the goods.

The consideration of every case by the Mediation Commission shall be completed within the term of six weeks from the day they have received the application.

Article IV. In case the Trade Representation and the subjects or juridical persons of Japan or Manchoukuo find themselves in disagreement as regards the fulfilment of obligations provided for by the purchase contract concluded between them, the parties can apply jointly or independently for mediation regarding the disagreement to the Mediation Commission mentioned in the first paragraph of Article III, provided that the contract includes a provision to the effect that either party can present such an application.

The Mediation Commission, when they have received such an application, shall examine the provisions of the contract concerned and all matters relative to the disagreement and shall arrive at what they deem a fair opinion, and recommend to either or both parties to settle the disagreement in accordance with the said opinion.

The term for consideration of the question by the Mediation Commission in the circumstances of the present Article shall be the same as in the case of Article III.

Article V. In case the Mediation Commission cannot come to a decision within the prescribed term for consideration or should the decision arrived at fail to remove the difficulties within the term of two weeks, the matter shall be transferred, upon the application of either or both parties to the disagreement, to negotiation between the Contracting Governments concerned, for a fair and appropriate solution, provided that there exists an agreement in advance between the parties to that effect.

Article VI. It is understood that should both parties concerned so desire, an agreement may be laid down in the contract or otherwise providing that the decision arrived at by the Mediation Commission or through negotiation between the Contracting Governments concerned in conformity with the provisions of Articles III, IV and V of the present Protocol shall be binding upon both parties, in which case such decision shall take effect in the manner contemplated by the said agreement.

Article VII. The present Protocol shall come into force on the date of its signature.

No. 7 Through Traffic Across the Tumenkiang Border

(1) Agreement Relating to the Operation of Through Trains Across the Tumenkiang Border and the Simplification of Customs Formalities

May 22, 1935

The Governments of Manchoukuo and Japan, with a view to operating through trains across the Tumenkiang border between the Manchoukuo State Railways and the Japanese Government Railways and at the same time simplifying the customs formalities regarding goods transported by the said Railways, have agreed upon the following articles:

Article I. The Governments of Manchoukuo and Japan mutually agree that through trains shall be operated across the Tumenkiang border between the Manchoukuo State Railways extending to Tumen or Kaishantun and the Japanese Government Railways under the management of the South Manchuria Railway Co. Ltd.

Article II. The Japanese Government agree that the Government of Manchoukuo shall dispatch their customs officers to the Japanese Customs at Yuki, Rashin and Seishin, and that such customs officers shall be caused, within the compounds of the said Japanese Customs, and in collaboration with the Japanese customs officers there, to perform the duties of inspecting, and collecting customs duties on, freight, parcels, forwarded luggage and luggage accompanying travellers which are exported from Manchoukuo to the aforementioned places (including those passing through said places) or which are imported into Manchoukuo from the said places (including those passing through said places) and which are transported by the Railways mentioned in the foregoing Article.

Article III. The Governments of Manchoukuo and Japan shall dispatch their respective customs officers, in the case of the Government of Manchoukuo, to the goods inspection office to be established within Kamisanbo Station, and, in the case of the Japanese Government, to the goods inspection office to be established within Tumen Station, and shall cause their respective customs officers to perform, in collaboration with the customs officers of the other contracting party, the duties of inspecting, and collecting customs duties on, freight, parcels, forwarded luggage, and luggage accompanying travellers which are transported across the border between the territories of the two Contracting Parties by the Railways mentioned in Article I and which do not come under the categories mentioned in the foregoing Article, as well as personal effects carried by travellers.

The Governments of Manchoukuo and Japan may cause their respective customs officers to perform their duties, in accordance with the provisions of the foregoing paragraph, with respect to personal effects carried by travellers, forwarded luggage and luggage accompanying travellers mentioned among the articles provided for in the foregoing paragraph which pass through Tumen or Kamisanbo Station, in the trains while such trains are stopping at the said station. In case it is difficult to complete the performance of the aforementioned duties by the time of the departure of such trains, the said Governments may cause their respective customs officers to execute the said duties by remaining in such trains after their departure or by causing the articles concerned to be unloaded at the goods inspection office.

Article IV. The Governments of Manchoukuo and Japan agree that, in case any objections should be made to the customs officers of either of the two Contracting Parties dispatched to the country of the other by virtue of the present Agreement, against the inspection of, and payment of customs duties on, any exports from the country to which such customs officers belong, or should such customs officers, in the course of such inspection, deem any goods to have been smuggled out of their country (including prohibited goods), such customs officers shall take measures to return such goods to their country.

Article V. In the event of the customs officers of Manchoukuo and Japan undertaking inspection in collaboration, such inspection, in the case of exports from Japan, shall commence with inspection by the Japanese customs officers, and in the case of exports from Manchoukuo, with inspection by the Manchoukuo customs officers. The order of the execution of other duties shall be according to the order of inspection.

Article VI. The Governments of Manchoukuo and Japan mutually agree to afford, in so far as it is possible, every convenience in connection with the execution of duties by the customs officers of the other contracting party, dispatched to their respective territories by virtue of the present Agreement.

Article VII. The necessary details concerning the customs formalities provided for in the present Agreement shall be agreed upon between the Governor-General of Chosen and the Minister of Finance of Manchoukuo.

Article VIII. The present Agreement shall take effect from the date of the signature thereof, and shall remain in force until the expiration of a period of three months after either contracting party shall have notified the other of its intention to terminate the said Agreement.

Article IX. The present Agreement shall be made in duplicate in the Japanese and Chinese languages. In case of any divergence in the interpretation between the Japanese and Chinese texts of the Agreement, the difference shall be settled by reference to the Japanese text.

In witness whereof the Undersigned, duly authorized by their respective Governments, have signed the present Agreement and have affixed their seals thereto.

Done in the City of Hsinking this twenty-second day of the fifth month of the second year of Kangtê, corresponding to the twenty-second day of the fifth month of the tenth year of Showa.

(Signed) Chang Yen-ching (Seal)
Minister for Foreign Affairs
of the Government of
Manchoukuo.

(Signed) Jiro Minami (Seal)
Ambassador Extraordinary
and Plenipotentiary of Japan
to Manchoukuo

(2) Detailed Regulations Based on Agreement Relating to the Operation of Through Trains Across the Tumenkiang Border and the Simplification of Customs Formalities

May 24, 1935

Pursuant to the provisions of Article VII of the Agreement Relating to the Operation of Through Trains across the Tumenkiang Border and the Simplification of Customs Formalities, signed in Hsinking on the 22nd day of the fifth month of the second year of Kangtê corresponding to the 22nd day of the fifth month of the tenth year of Showa, the undersigned, the Minister of Finance of Manchoukuo, Sun Chi-chang, and the Governor-General of Chosen, Kazunari Ugaki, have agreed upon the following detailed regulations concerning customs formalities:

Chapter I. General Rules

Article I. The term "compounds of the said Japanese Customs" in Article II of the Agreement Relating to the Operation of Through Trains Across the Tumenkiang Border and the Simplification of Customs Formalities (hereinafter called "the Agreement"), means the compounds of the Japanese

Customs at Yuki, Rashin and Seishin as well as those places adjacent to the said compounds designated by the Japanese Superintendent of the Customs, after consultation with the Manchoukuo Superintendent of the Customs, as joint examination zones.

The words "goods inspection office" in Article III of the Agreement mean the entire compounds of Tumen Station or Kamisanbo Station.

Article II. The customs officers of either of the parties hereto dispatched to the territory of the other shall, pursuant to the laws and ordinances of their country relating to the exportation and importation of goods and in accordance with the provisions of the Agreement and the present Detailed Regulations, perform their duties within the zones fixed in the foregoing Article and in the trains as provided in paragraph 2 of Article III of the Agreement.

Article III. Examination by the customs officers of either of the parties hereto within the territory of the other provided for in Articles II to V of the Agreement may be made in the zones fixed in Article I of the present Detailed Regulations and in the trains as provided in paragraph 2 of Article III of the Agreement only in either of the following cases:

1. In case an intention to export or import is expressed;
2. In case investigation is necessary owing to a suspicion of an infraction of regulations.

Article IV. In case they deem it necessary for preparing for the examination of personal effects carried by passengers which are transported by rail, the customs officers of Manchoukuo and Japan may board the trains at the first Station in the territory of the other before Tumen Station or Kamisanbo Station.

Chapter II. Transportation of Goods Under Seal

Article V. Any goods, parcels, forwarded luggage and luggage accompanying travellers set forth in Article II of the Agreement which are to be transported from Tumen Station or Kamisanbo Station to Yuki, Rashin or Seishin and vice-versa shall be conveyed under seal.

Article VI. In case any application is made for transporting goods under seal, the applicant shall be caused to present to the Japanese customs officers five copies of the list of the goods to be transported.

The list of the goods to be transported mentioned in the foregoing paragraph may serve also as an application for transportation under seal.

When the Japanese customs officers receive such application for transportation under seal, they shall deal with the matter after consulting the Manchoukuo customs officers.

Article VII. When permission is given for transporting any goods under seal, the goods car shall be sealed in the presence of the customs officers of Manchoukuo and Japan, after which it shall be permitted to be taken away. However, if the goods to be transported under seal and other goods which are not under seal are loaded together on the same car by virtue of the provisions of Article XV of the present Detailed Regulations, the sealing of the car may be dispensed with.

Article VIII. When the goods car mentioned in the first part of the foregoing Article reaches its destination, the customs officers of Manchoukuo and Japan shall collaborate in inspecting its seal, and if there is nothing amiss, they shall allow the goods to be unloaded or the car to pass.

When the goods car mentioned in the proviso of the foregoing Article reaches its destination, the customs officers of Manchoukuo and Japan shall collaborate in inspecting its seal, and if there is nothing amiss, they shall act similarly as in the foregoing paragraph.

ARTICLE IX. In case there should be any mishap outside the zones fixed in Article I of the present Detailed Regulations in connection with any goods conveyed under seal, the customs officers of the country where the place of such mishap is situated shall take whatever measures they shall deem necessary, and shall send an account of such mishap to the customs officers of the other country.

Even in the case of such goods as mentioned in the foregoing paragraph, all export and import formalities relative to such goods shall be executed within the zones fixed in Article I of the present Detailed Regulations.

ARTICLE X. In case any duty-unpaid goods transported under seal should be lost or destroyed or should fail to reach their destination within fifteen days after permission (for their transportation) given, the applicant (for such permission) shall be caused to pay the duty thereon. If such loss or destruction, however, is due to a disaster or if the goods were destroyed with the consent of the Customs, the foregoing provision shall not apply.

CHAPTER III. Regulation of Goods

ARTICLE XI. Exported or imported goods, goods for reshipment, or goods transported under seal shall not be loaded on ships or cars without first obtaining the necessary permission therefor.

ARTICLE XII. The warehouses for exported or imported goods or goods transported under seal located within the zones fixed in Articles I of the present Detailed Regulations shall be designated by the Customs of the country where such goods are located, after consultation with the customs officers of the other country.

ARTICLE XIII. Any person or party who desires to put exported or imported goods or goods transported under seal into the warehouses mentioned in the foregoing Article, or who desires to remove such goods from the said warehouses, shall give notice of such desire to the customs officers of both Manchoukuo and Japan.

ARTICLE XIV. Any person or party desiring to unload any exported or imported goods or goods transported under seal from the car or cars containing such goods shall give notice of such desire to the customs officers of both Manchoukuo and Japan.

ARTICLE XV. Goods transported under seal and goods which are not under seal shall not be loaded on the same goods car without special permission.

CHAPTER IV. Disposal of Infractions of the Law

ARTICLE XVI. The provisions of Articles IV and V of the Agreement shall, in connection with the disposal of cases of infraction of the laws and ordinances concerning the exportation and importation of goods, cover each of the following cases:

1. In case it is deemed that any single act has violated the laws and ordinances of both Manchoukuo and Japan, the customs officers of the two countries shall deal with it separately;
2. In case it is deemed that any single act has violated the laws and ordinances of only one country (including cases where the customs formalities of the other country have not been duly completed), the customs officers of such country alone shall deal with such act;
3. In case the respective manners in which the customs officers of Manchoukuo and Japan have dealt with the same goods should be found to be in rivalry, the disposal made by the customs officers of the country exporting such goods shall take precedence;
4. In the foregoing case should the customs officers of the importing country require the goods concerned for dealing with a case of infraction of the law, pending their disposal of such case, they shall deliver such goods to the customs officers of the exporting country.

ARTICLE XVII. In case the customs officers of either of the parties hereto should discover any case which they suspect to be in violation of the laws and ordinances of the other, they shall immediately transfer such case to the customs officers of the other party.

ARTICLE XVIII. In case the customs officers of either of the parties hereto should discover any case which they suspect to be in violation of the laws and ordinances of their own country concerning the exportation and importation of goods, they shall immediately report such discovery to the customs officers of the other party. They shall do likewise when such case has been dealt with.

CHAPTER V. Contact in Performance of Duties

ARTICLE XIX. The keys of the goods warehouses provided for in Article XII of the present Detailed Regulations shall be kept by the customs officers of the country where such warehouses are situated.

ARTICLE XX. The customs officers having custody of the keys mentioned in the foregoing Article shall comply with the requests of the customs officers who do not have the custody of such keys if the latter find it necessary to open any of the warehouses.

ARTICLE XXI. In case the customs officers of either of the parties hereto desire to place any goods in a warehouse, they shall consult the customs officers of the other party.

The customs officers of the party receiving such consultation as mentioned in the foregoing paragraph shall, as the occasion requires, take steps to send such goods to the country of dispatch on the ground that the payment of customs duty on such goods has been rejected, or shall reply to the customs officers of the other party that they have no objection to the storing of such goods.

ARTICLE XXII. In case the customs officers of either of the parties hereto should intend to send back any goods to the country of dispatch, they shall report such intention in advance to the customs officers of the other party.

ARTICLE XXIII. As regards any goods to be sent back to the country of dispatch by the customs officers of either of the parties hereto by virtue of Article IV of the Agreement, the person or party in charge of the transportation of such goods shall be caused to take up proceedings for their export or reshipment with the customs of the other party.

ARTICLE XXIV. If an application is made to the Japanese Customs Superintendent for the licensing of an agent for handling dutiable goods for the purpose of passing any goods at the Customs at Kamisanbo Station

Rashin or Seishin, or if such application is made to the Manchoukuo Customs Superintendent for the purpose of passing any goods at the Customs at Tumen Station, such application shall be dealt with after hearing the views of the Customs Superintendent of the other country. The same procedure shall be followed in suspending the business or cancelling the license of any person or party handling dutiable goods because of an infraction of the law or any other cause.

ARTICLE XXV. In case the Customs Superintendent of either of the parties hereto should desire the temporary suspension of business of any agent handling dutiable goods or the cancellation of the license of such agent on the part of the Customs Superintendent of the other party, his wishes should be respected.

ARTICLE XXVI. The customs officers of either of the parties hereto may entrust to the customs officers of the other the investigation of any suspected cases of infraction of the law in the territory of that other party.

ARTICLE XXVII. The customs officers of Manchoukuo and Japan shall, for the purpose of expediting the execution of their respective duties, communicate to each other each of the following matters:

1. Matters serving as referential data for the inspection and appraisal of exported or imported goods;
2. Matters concerning goods prohibited for exportation or importation;
3. Newly-promulgated customs regulations;
4. Other necessary matters.

CHAPTER VI. Miscellaneous Rules

ARTICLE XXVIII. The holidays and the office hours of the customs officers of either of the parties hereto dispatched to the territory of the other by virtue of Article II or III of the Agreement shall be determined according to the regulations of that other party concerning such matters.

ARTICLE XXIX. Matters concerning the opening of any office on special days and service after the regular office hours shall be dealt with separately by the customs officers of Manchoukuo and Japan after consulting each other.

ARTICLE XXX. Among the duties of the customs officers of either of the parties hereto dispatched to the territory of the other by virtue of Article II or III of the Agreement shall be included the collection of the various fees set forth in the customs regulations of the country to which such customs officers belong.

ARTICLE XXXI. The Manchoukuo customs officers may, at the request of any applicant, put a Manchoukuo certificate of examination on imported or exported cargo within the zones fixed in Article I of the present Detailed Regulations.

ARTICLE XXXII. The Government-General of Chosen recognize the commissioning by Manchoukuo of the Bank of Chosen at Kamisanbo, Yuki, Rashin and Seishin (or its agents at the said places) as the bank for handling Manchoukuo treasury money.

Manchoukuo revenues at Kamisanbo, Yuki, Rashin and Seishin shall be received in Japanese currency.

ARTICLE XXXIII. Matters regarding establishments concerning joint examination within the zones fixed in Article I of the present Detailed Regulations shall be dealt with in accordance with decisions arrived at through consultation between the customs officers of Manchoukuo and Japan.

ARTICLE XXXIV. The present Detailed Regulations shall come into force on the date of their signature.

ARTICLE XXXV. The present Detailed Regulations are executed in duplicate in the Japanese and Chinese languages. In case of any divergence in the interpretation between the Japanese and Chinese texts, the difference shall be settled by reference to the Japanese text.

In witness whereof the undersigned, duly authorized by their respective Governments, have signed the present Detailed Regulations and have affixed their seals thereto.

Done in Keijo (Seoul) this twenty-fourth day of the fifth month of the second year of Kangté, corresponding to the twenty-fourth day of the fifth month of the tenth year of Showa.

(Signed) Sun Chi-chang (Seal)
Minister of Finance of
Manchoukuo

(Signed) Kazunari Ugaki (Seal)
Governor-General of Chosen

No. 8 Agreement for the Establishment of the Japan-Manchoukuo Joint Economic Commission

July 15, 1935

Whereas the Governments of Japan and Manchoukuo entertain a desire to realize the rational co-ordination of the economics of the two countries with the purpose of permanently consolidating the relationship of economic interdependence now existing between Japan and Manchoukuo; and

Whereas the two Governments have recognized the need of achieving a full and close co-operation, among other matters, in important economic questions affecting the two countries in accordance with the principles of the Protocol of Japan and Manchoukuo signed on the Fifteenth day of the Ninth month of the seventh year of Showa, corresponding to the Fifteenth day of the Ninth month of the First year of Tatung;

Now the two Governments, having resolved to establish a Japan-Manchoukuo Joint Economic Commission, have agreed as follows:—

ARTICLE I. A Japan-Manchoukuo Joint Economic Commission shall be established at Hsinking in Manchoukuo.

ARTICLE II. The Commission may be consulted by the Governments of Japan and Manchoukuo as to important matters regarding the inter-relation of the economics of the two countries as well important matters regarding the supervision of the management of special companies set up as Japanese-Manchoukuo joint enterprises and shall then submit its views thereon to the two Governments.

ARTICLE III. The Governments of Japan and Manchoukuo shall take no measures regarding such matters as are specified in the preceding Article unless they have previously consulted the Commission regarding them and have obtained its views thereon.

ARTICLE IV. The Commission may, when necessary, make recommendations to the Governments of Japan and Manchoukuo in regard to all matters pertaining to the rational co-ordination of the economics of the two countries.

Article V. The organization and operation of the Commission shall be regulated by the Annex to the present Agreement.

Article VI. The present Agreement shall be put into effect on the day of its signature.

The present Agreement has been drawn up in the Japanese and the Chinese languages, and should any difference arise in regard to interpretation between the Japanese and the Chinese texts, the Japanese text shall prevail.

Annex

1. The Commission shall be composed of eight Members, of whom the Governments of Japan and Manchoukuo shall each appoint four and shall respectively inform the other Government of their appointments. In the event of any Member being prevented from attending any meeting of the commission on account of unavoidable circumstances, the Japanese Ambassador to Manchoukuo and the Prime Minister of Manchoukuo shall consult with each other in the nomination of a deputy and the said deputy shall attend the meeting. The said deputy shall act in the name of the absent Member.

Besides the Members mentioned in the preceding Paragraph the Governments of Japan and Manchoukuo, when necessary, may, upon consultation, each appoint an equal number of Temporary Members.

2. The President shall be elected by the Members of the Commission from among their number.

3. There shall be a certain number of Secretaries of the Commission. They shall deal with the secretarial affairs of the Commission.

The Governments of Japan and Manchoukuo shall each appoint an equal number of Secretaries from among those attached to the Members of the Commission.

4. The proceedings of the Commission shall be decided by a majority vote. In the event of an equality of votes, the President shall decide.

The President shall not be prevented from voting as a Member of the Commission.

5. The Commission shall adopt its own Rules of Procedure subject to the approval of the Governments of Japan and Manchoukuo.

No. 9 Mining Law

Imperial Ordinance No. 85

Promulgated August 1, 1935

Chapter I. General Provisions

Article I. The term mining as used in the present Law shall include exploitation of minerals and all enterprises related to such exploitation of minerals.

Article II. The term minerals as used in the present Law shall include gold ore, silver ore, platinum ore, copper ore, lead ore, zinc ore, tin ore, iron ore, antimony ore, aluminium ore, nickel ore, cobalt ore, iron sulphate ore, chromite ore, manganese ore, bismuth ore, scheelite ore, molybdenum ore, mercury ore, arsenic ore, phosphorus ore, sulphur, graphite, coal, petroleum (including combustible natural gas closely related to oil-bearing stratas), asphalt, oil shale, limestone, dolomite, magnesite, fluorspar, felspar, fire clay, barite, saltpetre, gypsum, silica, talc, asbestos and mica.

Article III. All minerals (including dross and duffers) not yet mined shall belong to the State.

Article IV. No person other than a subject of Manchoukuo or a juridical person created in accordance with the laws and regulations of Manchoukuo shall become a holder of a mining right. The foregoing provision, however, shall not apply to those who have secured special permission from the Minister of Industry.

Article V. No one shall carry on exploitation of minerals on the surface of land or underground within sixty metres from a municipal boundary, railways, tracks, roads, water works, canals, rivers and lakes, swamps, embankments, grounds of mausolea, shrines or temples, cemeteries, parks or buildings and other establishments, without permission of the proper authorities concerned and also of the owners of the land concerned and those holding interests therein.

The owners of the land concerned or those holding interests therein shall not refuse to grant the above mentioned permission without good reasons.

Article VI. In case mine-lots are duplicated, holders or lessees of the mining rights concerned shall have their respective rights to the mine-lots limited.

Article VII. All rights and obligations of the holder or lessee of a mining right as provided for in the present Law shall be transferred together with the mining right or leased mining right.

All rights and obligations of the holder or lessee of a mining right as provided for in the present Law shall be deemed as having been automatically transferred to the lessee or holder of a mining right upon creation or termination of a leased mining right. The preceding provision, however, shall not apply in case of termination of the leased mining right due to termination of the mining right itself.

Article VIII. The prescribed acts of procedure or any other acts, performed in accordance with the provisions of the present Law shall be binding upon a successor of a person who desires to apply for a mining permit, applicant, holder or lessee of a mining right, owner or holder of interests in the land concerned and other interested persons.

Article IX. In case it is deemed necessary for national defence or preservation of national resources, applications for mining may be restricted by designating the districts or minerals concerned by Imperial Ordinance.

Article X. The Minister of Industry may, in accordance with proper orders, entrust a part of his power specified in the present Law to the Director of Mining Inspectorate.

Article XI. In the case of Hsingan Provinces, the Minister of Mongolia Administration and the governors of the several Hsingan Provinces shall stand, respectively, in place of the Minister of Industry, and the Director of Mining Inspectorate in the present Law.

Chapter II. Mining Rights

Article XII. Any holder of a mining right shall have the right to exploit and gain minerals within such mine-lots as are specified and allotted to him.

Article XIII. A mining right shall be a real right and, unless regulated by provisions in the present Law, it shall be governed by the regulations concerning immovables.

Article XIV. A mining right shall not be made the object of a right other than inheritance, transfer, attachment for non-payment of taxes, compulsory execution, mortgage and leased mining right.

Article XV. Joint mining applicants or joint holders of mining right shall respectively appoint representatives among themselves and notify the Director of Mining Inspectorate of such appointment. In case the parties concerned fail to give the above-mentioned notice, the Director of Mining Inspectorate shall designate the representatives.

The representatives shall represent joint mining applicants or joint holders of mining right to the State.

Joint mining applicants or joint holders of mining right shall be regarded as having entered a partnership agreement.

Article XVI. Any person who desires to carry on mining shall submit to the Minister of Industry a written application with a map of the desired mine-lot attached thereto.

Article XVII. In case the Minister of Industry considers that the mining applied for is harmful to public interests or is without practical value, the said Minister shall not grant the application concerned.

Article XVIII. No more than one mining right shall be created in a given mine-lot. However, the foregoing provision may be disregarded in case the species of minerals mined are different and if mining of such minerals can be carried on separately without hindrance to each other or if the mining operations concerned come within the provisions of Article XLII.

Article XIX. In case two mining applications for the same specie of minerals in the same mine-lot are submitted, the application prior in time and date shall have a preference. In case, however, the above mentioned applications are submitted at the same time, the Director of Mining Inspectorate shall fix a period and notify the two applicants to reach an agreement between themselves and report the same to the Inspectorate.

In case the above-mentioned applicants fail to make a report in accordance with the preceding provisions, the preferred applicant shall be chosen by means of drawing lots.

Article XX. In case two mining applications are submitted for different species of minerals within the same mine-lot, the Director of Mining Inspectorate shall fix a period and notify the two applicants to reach an agreement between themselves and report the same, if the said Inspectorate believes that the two mining operations can not be conducted separately without hindrance to each other.

In case the applicants fail to make the report in accordance with the foregoing provisions, preference shall be given to the application submitted prior in time and date. However, in case the applications are submitted at the same time, the preferred applicant shall be chosen by means of drawing lost.

Article XXI. In case any part of the area designated in a mining application duplicates with the then existing mine-lot for the same specie of minerals, such mining application for duplicating section or sections of the area shall be rejected.

Article XXII. In case any part of the area designated in a mining application duplicates with the then existing mine-lot for the different species of minerals, such mining application for duplicating section or sections of the area shall be rejected, if the Minister of Industry deems that the two mining operations cannot be conducted separately within the said section or sections without hindrance to each other.

Article XXIII. In case a mining right is granted in accordance with the provisions of the preceding five Articles, the different species of minerals found within one and the same mineral-bearing stratum shall be deemed to be of one specie.

Article XXIV. In case the position and form of the mining area described in a mining application differ from the actual position and form of the mineral-bearing stratum concerned in such manner that the Minister of Industry deems that mining within such area will prove to be injurious to the mining interests of the State, the said Minister shall fix a period and order the mining applicant to revise the area shown in the application within the fixed period.

In case the applicant fails to revise the area concerned within the fixed period, the application shall be rejected.

Article XXV. The name of the applicant for a mining right may be changed.

If, however, the change of the name of the applicant is not reported to the Minister of Industry, such change shall not have legal effect.

Article XXVI. A mining applicant may apply for expansion or reduction of the mining area applied for.

The regulations governing mining applications shall apply mutatis mutandis to applications made in accordance with the provisions of the foregoing paragraph.

Article XXVII. The following matters shall be entered into the mining register:

1. Matters concerning the creation, transfer, change, termination and limitations upon disposal of mining rights;
2. Matters concerning the creation, transfer, change, termination and limitations upon disposal of mortgages on mining rights;
3. Matters concerning the withdrawal of one or more of joint holders mining rights.

The entries of the foregoing matters shall take the place of registrations. Regulations concerning entries shall be prescribed by Imperial Ordinance.

Article XXVIII. Matters coming under any one of the first paragraph of the foregoing Article shall not be legally effective unless proper entries are made, excepting the following two cases:

1. Transfer of a mining right by inheritance;
2. Withdrawal of joint holders of a mining right by death.

Article XXIX. In case limitations have been placed upon the disposal of a mining right, the holder of such right shall not relinquish the right.

Article XXX. In case a mining right has been created by mistake, the Minister of Industry shall either fix a period and order the holder of such right to rectify his mining area within the fixed period or shall cancel such mining right.

Article XXXI. The Minister of Industry shall cancel all mining rights coming under any one of the following provisions:

1. In case certain mining is deemed to be harmful to public interests;
2. In case an order given in accordance with the provisions of Article XXX is disregarded;

3. In case an order given in accordance with the provisions of Article XLI is disregarded;
4. In case an order given in accordance with the provisions of paragraph 1 of Article XLII is disregarded.

ARTICLE XXXII. The Minister of Industry may cancel any mining right coming under any one of the following provisions:

1. In case actual mining operations have not been undertaken, without good reasons, within one year following the date of entry of creation of the mining right concerned or in case actual mining operations have been suspended, without good reasons, for a continuous period of over one year;
2. In case the holder of mining right disregards an order given in accordance with the provisions of Article LXXVIII;
3. In case mining operations are carried on in violation of the provisions of the second paragraph of Article LXXXI;
4. In case any person who is neither a holder nor a lessee of a mining right is permitted to mine and gain minerals;
5. In case a holder of a mining right refuses or otherwise fails to pay the mining tax concerned.

ARTICLE XXXIII. In case of an entry of the termination of a mining right, the Director of Mining Inspectorate shall immediately give notice of the fact to a mortgagee and lessee of the mining right concerned.

In case a mortgagee receives the above mentioned notice, he may apply, within the period fixed by the Director of Mining Inspectorate for a public sale of the mining right concerned. However, the foregoing provision shall not apply to the case of a termination of a mining right in accordance with the provisions of Article XXX or paragraph 1 of Article XXXI.

From the amount received from the aforementioned public sale, the expenses for the public sale, liabilities to the mortgagee and wages of the mining employees concerned shall be paid in the order mentioned and the balance remaining shall revert to the national treasury.

In case a lessee receives the notice mentioned in paragraph 1 of the present Article, he may apply within the period fixed by the Director of Mining Inspectorate for a transfer to him of the mining right concerned and when his application is accepted, he may become the holder of the said mining right. The foregoing provision, however, shall not apply if the mining right concerned is sold at a public sale in accordance with the provisions of paragraph 2 of the present Article or if the mining right has been terminated in accordance with the provisions of the latter part of paragraph 2 of the present Article.

A mining right concerned shall be deemed to continue in force within the limit prescribed as an object of public sale or the leased mining right during the period fixed by the Director of Mining Inspectorate in accordance with the provisions of paragraphs 2 or 4 of the present Article or until the public sale is effected or until the entry of the transfer is made in accordance with the provisions of paragraph 4 of the present Article.

A mining right acquired by a successful bidder at a public sale or by a lessee of the mining right shall be deemed as having been transferred to the said bidder or lessee at the time of entry of the termination of the said right.

ARTICLE XXXIV. Any person who has newly acquired a mining right in accordance with the provisions of the foregoing Article may offer for sale to the former holder of the said right, at market price, the buildings and other establishments constructed by the said former holder, for the purpose of carrying on mining operations and the latter shall not reject such an offer without good reasons.

CHAPTER III. Mine-Lot

ARTICLE XXXV. A mine-lot is a specified area of land where the creation of a mining right has been entered in the register. A mine-lot is limited in the land directly below the boundary line of surface area.

ARTICLE XXXVI. A mine-lot shall consist of one unit of land, or two or more contiguous units with any one side of each unit coinciding.

A unit of a mine-lot shall be a quadrilateral formed by the longitudinal and latitudinal lines. The position of each corner of the quadrilateral shall be determined by the minutes of longitude and latitude, and the two opposing sides shall be so situated as to have a difference by one minute both longitudinally and latitudinally.

ARTICLE XXXVII. In case a mine-lot touches the national boundary line, or in case it is deemed particularly necessary due to the specie of minerals deposited or in case it is deemed that other unavoidable circumstances exist, such a mine-lot may be established in disregard of the provisions of the foregoing Article.

ARTICLE XXXVIII. Any holder of a mining right may apply to unite or divide his mine-lot, or to divide a portion of one mine-lot and add the said portion to another.

In case any holder of a mining right desires to file an application in accordance with the provisions of the foregoing paragraph, and if a mortage or a leased mining right exists in connection therewith the applicant shall secure the approval of the mortgagee or lessee of the mining right and shall reach an agreement with such person regarding the right and interest concerned.

ARTICLE XXXIX. Any holder of a mining right may apply for an expansion or reduction of his mine-lot or lots.

In case the holder of the mining right desires to file an application in accordance with the provisions of the foregoing paragraph, and if a leased mining right exists in connection therewith, the applicant shall secure in advance the approval of the lessee of the mining right.

In case the holder of the mining right desires to file an application for the reduction of a mine-lot, and if a mortgage exists in connection therewith the applicant shall secure in advance the approval of mortgagee.

ARTICLE XL. The regulations governing the applications for mining shall apply mutatis mutandis to applications filed in accordance with the provisions of the preceding two Articles.

ARTICLE XLI. In case the position and form of a mine-lot differ from the position and form of the mineral-bearing strata in such manner as the Minister of Industry deems that mining within such area will prove to be injurious to the mining interests, the said Minister shall fix a period and order the holder of the mining right concerned to rectify the mine-lot.

ARTICLE XLII. In case the Minister of Industry, due to the position and form of mineral-bearing strata in a mine-lot, deems that the mining interests of the State cannot be protected unless the holder of the mining right concerned mines into an adjoining mine-lot, the said Minister shall consult the holder, lessee and mortgagee of the mining right interested in the adjoining mine-lot and may order the holder of the first mentioned mining right to revise his mine-lot.

The holder of a mining right who has revised his mine-lot in accordance with the provisions of the foregoing paragraph may exercise his right in the adjoining mine-lot only in so far as is necessary to protect the mining interests.

Article XLIII. The holder of the mining right of an adjoining mine-lot and other interested parties of such adjoining mine-lot may apply to the Director of Mining Inspectorate for permission to conduct an actual investigation within the mine-lot of another person.

Any holder of a mining right may apply to the Director of Mining Inspectorate for permission to conduct an actual investigation with regard to the boundary line of his own mine-lot.

The applicants as provided for in the foregoing two paragraphs shall bear the expenses incurred for such investigations.

Chapter IV. Leased Mining Right

Article XLIV. Any lessee of a mining right has a right to mine and acquire minerals from a mine-lot concerned upon payment of a royalty to a holder of mining right.

Article XLV. No person other than a subject of Manchoukuo or a juridical person created in accordance with the laws and regulations of Manchoukuo shall become a lessee of a mining right. The foregoing provision, however, shall not apply to any person who has secured special permission from the Minister of Industry.

Article XLVI. A leased mining right is a real right and, unless regulated by the provisions of the present Law, regulations concerning immovables shall be applied mutatis mutandis.

Article XLVII. A leased mining right shall not be made the object of any right other than inheritance, transfer, attachment for taxes in arrears, compulsory execution, and mortgage.

In case a lessee of a mining right desires to transfer his leased mining right or create mortgage, he shall obtain the approval of the holder of the mining right.

Article XLVIII. The following matters shall be entered into the mining register:

1. Matters concerning the creation, transfer, change, termination and limitations upon disposal of a leased mining right;
2. Matters concerning the creation, transfer, change, termination and limitations upon disposal of mortgages on a leased mining right;
3. Matters concerning the withdrawal of one or more of the joint lessees of a mining right.

The entry of foregoing matters shall take the place of registrations.

Regulations concerning the above-mentioned entries shall be prescribed by Imperial Ordinance.

Article XLIX. Matters coming under any one of the provisions of the first paragraph of the foregoing Article shall not become legally effective unless proper entries are made, excepting the following cases;

1. Transfer of a leased mining right by inheritance;
2. Termination of the lease of mining right by expiration of the term;
3. Termination of the lease of a mining right due to termination of the mining right;

4. Withdrawal of one or more of the joint lessees of a mining right due to death.

Article L. In case where the payment of royalties is calculated on the basis of a fixed term or the output mined, the rate of royalties is conspicuously out of proportion due to the fluctuation of prices of the mined minerals or to the increase or decrease of taxes or other assessments, or is disproportionate compared with the rate of royalties paid by a lessee of a mining right in the adjacent mine-lot, the lessee concerned may demand for the future an increase or decrease of such rates, irrespective of the terms of the contract.

Article LI. In case a lessee of a mining right fails to pay the royalties for over one year, the lessor may demand the termination of the leased right of mining.

Article LII. In case a lessee of a mining right fails to commence work within six months following the date of creation of or the date of entry of the transfer of the leased mining right or suspends the operations for a continuous period of over six months without good reasons, the holder of the mining right concerned may fix a reasonable period and demand the lessee to commence or resume the operations within the said period.

In case the lessee refuses to commence or resume the operations within the period fixed in accordance with the foregoing provision, the holder of the mining right concerned may demand the termination of the leased mining right.

Article LIII. The period of a leased mining right shall not exceed twenty years. In case the leased mining right has been established extending over twenty years, the period shall be reduced to twenty years.

The period of the leased mining right may be renewed. The renewed period, however, shall not exceed twenty years from the date of its renewal.

In case the period of the leased mining right was not fixed at the time of its creation, the period of such right shall be ten years.

Article LIV. In case the holder of a mining right refuses to renew the period of the leased mining right, as requested by the lessee of the mining right in accordance with the provisions of the second paragraph of the preceding Article, the said lessee may demand the lessor to purchase at current price the land, establishments and other objects owned by the lessee for the purpose of mining. In such case the lessor shall not reject such demand without good reasons.

Article LV. In case a leased mining right is terminated, the holder of the mining right or a person who has newly acquired the leased mining right may demand the former lessee of the mining right to purchase at current price all the buildings and other establishments constructed and owned by the former lessee for mining purposes. In such case the former lessee shall not reject such demand without good reasons.

Article LVI. In case a lessee of a mining right comes under any one of the following, the Minister of Industry may prohibit the said lessee from carrying on mining operations:

1. In case he disobeys the orders given in accordance with the provisions of Article LXXVIII;
2. In case he has carried on mining in violation of the provisions of the second paragraph of Article LXXXI;
3. In case he allows any third person to mine or acquire minerals;
4. In case he fails to pay the mining taxes.

The leased mining right shall be terminated, in case mining is prohibited in accordance with the foregoing provisions.

Article LVII. The provisions of Articles XV, XXIX, XXXIII, XXXIV and XLIII shall apply mutatis mutandis to a leassed mining right and the lessee of such right.

Chapter V. The Use and Expropriation of Land

Article LVIII. The term indemnity as used in the present Chapter includes all prices and rents of land, and other forms of compensation for ordinary losses and damages sustained by land-owners and other persons interested therein.

Article LIX. In case it is necessary for a person desiring to submit an application for mining, an applicant, a holder of a mining right, or a lessee of a mining right, to enter the land of another to conduct surveys or investigations for submission of the application or for carrying on mining, such person shall obtain the approval of the Director of Minining Inspectorate.

A person who has obtained the above-mentioned approval may enter the land of another after due notice is given to the occupant of the said land.

Article LX. In case it is necessary for a person who has obtained the approval mentioned in paragrapn 1 of the preceding Article to remove obstructions in order to conduct surveys and investigations, such person shall obtain the approval of the Director of Mining Inspectorate.

A person who has obtained the above-mentioned approval from the said Director may remove the obstructions after giving due notice to the owner and occupant of the land concerned.

Article LXI. In case of necessity for the purpose of preventing imminent dangers, a holder or lessee of a mining right may enter or use the land of another person.

In case the above-mentioned holder or lessee of a mining right has entered or used the land of another in accordance with the provisions of the foregoing paragraph, the said holder or lessee concerned shall notify, without delay, the occupant of the land concerned and report the matter to the Director of Mining Inspectorate.

Article LXII. In case a person desiring to submit an application, an applicant, a holder or lessee of a mining right, who has entered or used the land of another or removed obstructions therefrom in accordance with the provisions of the foregoing three Articles, and when the owner of the land concerned and the interested person have sustained losses or damages thereby, the first mentioned persons shall pay indemnity to the latter mentioned persons.

Article LXIII. In case it is necessary to use the land of another for anyone of the following purposes, a holder or lessee of a mining right shall secure authorization from the Director of Mining Inspectorate:

1. For boring and excavating;
2. For the creation of places to deposit minerals, earth and stones, explosive compounds, materials, fuel, dross and ashes;
3. For the construction of ore-dressing plants or smelters;
4. For the construction of railways, tracks, roads, canals, ditches, pipes and water-pipes, pools and wells, cableways, and telegraph and electric lines;
5. For construction works or construction of any other establishments necessary for mining.

The Director of Mining Inspectorate shall notify the owner of the land concerned and the person holding interest therein, when he has given authorization for the aforementioned matters.

After notice is issued relative to the aforementioned matters, the holder or the lessee of a mining right shall confer on the matters concerning the acquisition of right to the land with the owner of the land concerned and the persons holding interests therein.

Article LXIV. In case the use of land extends to a period over three years or in case it is deemed that the said use will cause a change in form and nature of the land, the owner of the land may demand expropriation of the land by the holder or the lessee of mining right.

Article LXV. In case the owner of the land, due to expropriation of section of his land, is unable to use the remaining section for the same purpose as in the past, the said owner may demand expropriation of the entire land by the holder or lessee of the mining right.

Article LXVI. The holder or lessee of a mining right, who uses or expropriates the land of another, shall pay an indemnity for the losses or damages caused thereby to the owner of the land concerned and to the person holding interests therein. An indemnity shall also be paid for any decrease in the value of remaining land and for any loss to the remaining land caused by the use of expropriation of a section of land concerned.

Article LXVII. In case it becomes necessary for the owner of a land or the person holding interests therein to construct, rebuild or repair passages, ditches, fences and railings and other establishments, owing to the use of expropriation of another's land on the part of the holder or lessee of a mining right, the said holder or lessee shall pay indemnity to the land owner of the person holding interests.

Article LXVIII. In case the owner of a land or the person holding interests therein deems it necessary, after receiving the notice mentioned in paragraph 2 of Article LXIII to change the form and nature of the land or construct, reconstruct, extend or repair extensively buildings or other establishments or add more object, thereon, he shall secure authorization from the Director of Mining Inspectorate. In case the owner or interested person performs the said act without the authorization from the said Director, he shall not be compensated for any loss or damage sustained thereby.

Article LXIX. In case the holder or lessee of a mining right, after receiving the notice mentioned in paragraph 2 of Article LXIII, has caused any loss or damage to the owner of the land concerned or to person holding interests therein, by reason of disuse of the said land due to discontinuance of or change in mining operations, the holder or lessee of the mining right concerned shall indemnify the owner of the land or person holding interests therein for any loss caused thereby.

Article LXX. The owner of the land and the person holding interests therein may demand the holder or lessee of a mining right to give appropriate security with regard to the payment of indemnity.

Article LXXI. In case an agreement has been reached or a decision has been given concerning the use or expropriation of land and the holder or lessee of a mining right may use or expropriate the land concerned by depositing an indemnity or offering security in accordance with the decision of the Director of Mining Inspectorate even though no decision or court judgement has been given in regard to indemnity or security.

Article LXXII. In case the holder or lessee of a mining right refuses or fails to pay or deposit the indemnity or offer security therefor, the owner of the land or person interested therein may refuse to permit the use of the said land.

Article LXXIII. In case of expropriation of land, the right of ownership of the said land shall be transferred to the holder of the mining right or the lessee of the same at the time of expropriation of the land concerned and all other rights in the said land shall be terminated.

In case land is used the right of use shall be transferred to the holder of the mining right or the lessee of the same at the time of use of the land, and all other rights shall be suspended during the period of the above use. The preceding provision, however, may not apply to any right which does not interfere with the use of the said land.

Article LXXIV. At the conclusion of the use of the land, the holder of a mining right or the lessee of the same shall, without delay, restore the said land to its original state and return the same to the owner, and in case the holder or lessee of the mining right fails to restore the land to its original state, he shall return the same to the owner with indemnity for any loss or damage caused thereby.

Article LXXV. Mortgage may be enforced on the indemnity to be paid for the use or expropriation of the mortgaged property, and in such a case the mortgagee shall take foreclosure proceedings before payment of the indemnity.

Article LXXVI. The provisions of the present Chapter shall apply mutatis mutandis to the use of water.

Chapter VI. Policing and Supervision of Mines

Article LXXVII. The Minister of Industry and the Director of Mining Inspectorate shall execute the policing duties connected with the following matters related to mining operations in accordance with the provisions of proper orders:

1. Preservation of buildings and establishment;
2. Sanitation and protection of lives;
3. Prevention of dangers and protection of public interest.

Article LXXVIII. In case the Minister of Industry deems that there exists the possibility of dangers or matters dangerous to the public interest in mining operations, the said Minister shall order the holder of the mining right concerned to take preventive measures or to suspend operations in part or in whole.

In case it is deemed necessary by the Director of Mining Inspectorate in order to avoid or prevent imminent dangers, the said Director may give the orders provided for in the preceding paragraph.

Article LXXIX. During the period of one year following the termination of a mining right, the Minister of Industry or the Director of Mining Inspectorate may, in accordance with the provisions of the preceding Article, order the holder of the mining right at the time of its termination to equip the mine-lot with means for the prevention of dangers.

Any one who has been ordered to equip the mine-lot in accordance with the provisions of the preceding paragraph shall be regarded as the holder of a mining right within the limit of intending to equip the mine-lot with means for the prevention of dangers.

Article LXXX. The Minister of Industry may order the holder of a mining right to appoint or change the director connected with technical matters.

The qualifications and duties of the aforementioned director shall be determined by proper orders.

Article LXXXI. The holder of a mining right shall draw up proposed mining plans in accordance with the provisions of proper orders and shall obtain the approval of the Director of Mining Inspectorate for the same, and shall also obtain the same in the case of any change effected in the said mining plans.

The holder of a mining right shall not carry on mining operations except in accordance with the aforementioned mining plans.

Article LXXXII. In case it is deemed necessary, the Director of Mining Inspectorate may produce due reasons and order the holder of a mining right to change his proposed mining plans.

Article LXXXIII. The holder of a mining right shall keep plans of survey of the mining shafts together with mining books in his office in accordance with the provisions of proper orders and submit a copy of each to the Director of Mining Inspectorate.

Article LXXXIV. The holder of a mining right shall submit to the Director of Mining Inspectorate such mining specifications as are required by the provisions of proper orders.

Article LXXXV. The Minister of Industry or Director of Mining Inspectorate may require the holder of a mining right to submit reports on his mining operations.

The officials concerned may inspect documents and other objects relative to mining or also inspect shafts and other places within a mine-lot. In case an offense relative to mining is deemed to have been committed, the officials concerned may search such mine and seize any documents and objects evidencing crime, or close the whole or part of the shafts concerned.

Article LXXXVI. The provisions of Articles LXXVIII, LXXIX, LXXX, LXXXI, LXXXII, LXXXIII, LXXXIV and LXXXV inclusive shall apply to lessees of mining right in case a leased mining right has been created.

Chapter VII. Decision, Appeal and Litigation

Article LXXXVII. In case a person is dissatisfied with the acceptance or rejection of an application relative to mining, termination of a mining right, or prohibition of mining in accordance with the provisions of the first paragraph of Article LVI, such person may file an appeal with the Minister of Industry.

Article LXXXVIII. In case the holder or the lessee of a mining right is refused to obtain the approval as mentioned in Article V, or is unable to obtain the same, he may apply to the Director of Mining Inspectorate for his decision on the matter.

In case a person is dissatisfied with the decision mentioned in the preceding paragraph, he may appeal to the Minister of Industry.

Article LXXXIX. In case the holder of a mining right, lessee of such right and owner of the land concerned fail to reach an agreement or are not able to hold a meeting to reach an agreement concerning the use of expropriation of land, use of water, indemnity or security, the interested parties may apply to the Director of Mining Inspectorate for his decision on the matter.

In case any one of the interested parties is dissatisfied with any part of the decision of the said Director, he may file an appeal with the Minister of Industry.

Any interested person who is dissatisfied with the decision concerning indemnity or security mentioned in paragraph 1 of the present Article may bring a suit to the court.

Article XC. An appeal or litigation shall not be instituted, in case sixty days have elapsed since the date of receipt of a written verdict or written notice of disposal.

For any interested person who does not receive the written verdict or written notice of disposal, the above mentioned period shall commence from the date of official notification of the said verdict or notice.

Chapter VIII. Penal Regulations

Article XCI. Any person who mines or acquires minerals without a mining right or a leased mining right, or who has caused to create the mining right by fraud shall be punished with penal servitude for a term not exceeding three (3) years or with a fine not exceeding three thousand (3,000) yuan.

Any holder or lessee of a mining right who, by accident, mines beyond the boundary line of his mine-lot shall be punished with a fine not exceeding five hundred (500) yuan.

In the preceding two cases the minerals mined shall be confiscated and in case a part or whole available for confiscation, its equivalent shall be collected in money.

Article XCII. Any holder or lessee of a mining right who is guilty of either one of the following cases shall be punished with a fine not exceeding five hundred (500) yuan;

1. In case minerals have been mined in violation of the provisions of Article V;
2. In case of violation of the orders given in accordance with the provisions of Article LXXVIII or paragraph 1 of Article LXXIX.

Article XCIII. Any person coming under any of the following provisions shall be punished with a fine not exceeding two hundred (200) yuan;

1. Any one who has removed obstacles without the permission perscribed in paragraph 1 of Article LX;
2. Any one who has violated the orders given in accordance with the provision of paragraph 2 of Article LXXX;
3. Any one who has violated the provisions of Articles LXXXI, LXXXIII or LXXXIV, or the orders given in accordance with the provisions of Article LXXXII.

Article XCIV. Any one who has refused or failed to make the report mentioned in Article LXXXV or who has made a false report or interferred with the performance of duties by the officials concerned, shall be punished with a fine not exceeding three hundred (300) yuan.

Article XCV. In case an employee or any hand in the employ of the holder or lessee of a mining right commits any act in violation of the penal regulations of the present Law in the course of service, the said holder or lessee concerned shall be punished as well as the employee or hand guilty of the act. In case, however, the holder or lessee concerned is mentally deranged or a minor who does not possess the competency of an adult regarding business, the legal representative concerned shall be punished accordingly.

Article XCVI. In case an employee or other hand of a juridical person commits any act in violation of the penal regulations of the present Law in the course of his service, officers of such juridical person or staff members of the same conducting business shall be punished accordingly, as well as the employee guilty of the said act.

In case officers of the juridical person or staff members of the same conducting business commit the act mentioned in the preceding paragraph, such officers or staff members shall be punished accordingly.

Article XCVII. In the case of any act of violation mentioned in Article XCV and paragraph 1 of Article XCVI, when the holder or lessee of a mining right, or legal representative, or officers or staff members prove that such act of violation could not reasonably be prevented, no punishment shall be imposed upon such persons.

Supplementary Regulations

Article XCVIII. The date of enforcement of the present Law shall be determined by Imperial Ordinance.

Article XCIX. All the mining rights which were created in accordance with the regulations of the former regime and which exist at the time of the enforcement of the present Law shall be regarded as having been registered for the creation of mining rights in accordance with the provisions of the present Law.

Article C. All acts of disposition, proceedings or any other acts done in accordance with the regulations of the former regime shall be regarded as have been done in accordance with the regulations of the present Law, in case there are any regulations in the present Law which are equivalent to the former regulations.

Article CI. In case a mining right which was created in accordance with the regulations of the former regime and which exists at the time of the enforcement of the present Law, has, as its object, minerals other than those mentioned in Article 2 of the present Law, such right shall be allowed to continue, for the time being in accordance with the regulations of the former regime.

Article CII. The term of a mining right which was created in accordance with the regulations of the former regime and which exists at the time of the enforcement of the present Law shall not be extended beyond the stipulated term.

Article CIII. Any application for mining for minerals other than those mentioned in Article 2 of the present Law, existing at the time of the enforcement of the present Law, shall not be accepted.

Article CIV The provisions of Article XXXVI shall not apply, for the time being, to the mining right mentioned in Article XCIX. In case, however, the Minister of Industry deems: it necessary, he may fix a period and may order the holder of the mining right concerned to rectify his mine-lot.

In case the holder of a mining right disregards the orders given in accordance with the proviso of the preceding paragraph, the Minister of Industry may cancel the mining right concerned.

Article CV. In case any person is actually an applicant for the mining of any minerals mentioned in Article II of the present Law, at the time of the enforcement of the present Law, he shall rectify his mining area in his application, in accordance with the provisions of Article XXXVI of the present Law, within a period fixed by the Minister of Industry.

In case the aforementioned rectification is not made within the period fixed by the said Minister, the application for mining shall be deemed as having been withdrawn.

No. 10 Japanese Government's Declaration on the Abolition of Extraterritoriality in Manchoukuo

August 9, 1935

1. It was made clear in the Imperial Rescript issued in March, 1933, in connection with our decision to withdraw from the League of Nations, and also in the Japan-Manchoukuo Protocol signed on September 15, 1932, that Japan's policy toward Manchoukuo is based on the principle of enabling that country to make wholesome progress as an independent state, while maintaining an inseparable and interdependent relationship with this country, thus advancing our national policy: to preserve the stability of Eastern Asia and to make known throughout the world our devotion to justice and righteousness.

Now, Manchoukuo has made steady and brilliant progress ever since its establishment. Internally, it has pursued constructive programmes along all lines—political, economic, administrative,—while externally it has striven to win the respect and confidence of the Powers. In the matter of extraterritoriality, Manchoukuo, following Japan's example, has been preparing for its abolition by setting up a judicial system and by effecting reforms in various departments, such as police and taxation. In fact, more than 8,000,000 yen is set aside in the budget of the Empire for the fiscal year 1934 for such purposes.

2. Japan has for many years enjoyed the privileges of extraterritoriality in Manchuria. Prior to the establishment of Manchoukuo, extraterritoriality was essential to the development of Japanese interests there. But extraterritoriality is gradually losing its importance which diminishes with the progress of the above-mentioned Japan's policy toward Manchoukuo. Indeed, it is now necessary to abolish extraterritoriality in Manchoukuo if we are to afford that Empire free scope for development, establish a closer union and co-operation between our two peoples, make possible the general advancement of Japanese interests in all directions, and, finally, strengthen permanently the inseparable and friendly relations between the two countries. The South Manchuria Railway zone, acquired by us in consequence of a war with Russia on which we staked our national fortunes, has for the past thirty years been under our assiduous administration. It has served as the base of operations for Japanese activities in Manchuria. But it is now deemed necessary to adjust and transfer our administrative rights in that area for reasons involved in the abolition of extraterritoriality, in order to meet the new situation arising from the establishment of Manchoukuo.

3. For these reasons, at the Cabinet meeting of August 9th, the Japanese Government decided on the following general principles concerning the abolition of extraterritoriality and the adjustment and transfer of administrative rights in the South Manchuria Railway Zone, according to which the authorities concerned will be instructed to devise concrete measures and to put these gradually into effect.

a. Concerning extraterritoriality in Manchoukuo, its abolition should be effected in keeping with the spirit of the treaties in force, in gradual stages, and in accord with the degree of completion of the governmental systems and organs of Manchoukuo, but especially with a view to avoid any sudden and violent changes in the life of Japanese communities in Manchoukuo, to insure more securely for Japanese throughout that Empire facilities for residence and safety and free development, and, in particular, to facilitate the smooth operation of Japan's policy toward the Empire.

b. The South Manchuria Railway zone will, of course, be retained by Japan as heretofore. But the Administrative rights exercised by Japan in the zone will be adjusted and transferred, according to circumstances, keeping step with the gradual abolition of extraterritoriality, under similar considerations as above.

4. It should be added that Japan's rights in the leased territory of Kwantung are quite different from those in the South Manchuria Railway zone in their legal origin, their character, and various other respects. Thus it goes without saying that the adjustment and transfer of administrative rights in the South Manchuria Railway zone has no connection with Japan's rights in the Kwantung Leased Territory.

No. 11 Exchange Control Law

(1) Exchange Control Law

Imperial Ordinance No. 141

Promulgated on November 30, 1935

ARTICLE I. The Government may as provided by Ordinance prohibit or restrict the transactions or acts enumerated below:

1. The acquisition or disposal of foreign currency or foreign exchange.
2. The import of foreign currency; or the export or transport of gold bullion, gold alloys, articles of which gold is the principal component, foreign silver coins or silver bullion.
3. Remittances to foreign countries.
4. Payments made in Manchoukuo on the basis of an order from a foreign country.
5. The acquisition or disposal of securities, claims, or obligations, expressed in foreign currency.
6. Transactions in terms of foreign currency.

ARTICLE II. The Government may as provided by Ordinance require reports or make examination of books, etc. in respect of matters relating to the prohibitions or restrictions of the preceding article.

ARTICLE III. The Government may as provided by Ordinance limit transactions relating to foreign currency or foreign exchange to the case in which the counter-party shall be the Central Bank of Manchou or such other persons as the Government may designate.

ARTICLE IV. The Government may as provided by Ordinance require persons who hold foreign currency, foreign exchange, securities or claims expressed in foreign currency, or gold bullion or silver bullion to dispose of them themselves or to sell them to the Central Bank of Manchou or such other person as the Government may designate.

In case of requirement of sale to a person designated by the Government, in accordance with the provisions of the preceding paragraph, the sale price shall be in accordance with the decision of the Minister of Finance.

ARTICLE V. Any person who has contravened the prohibitions or restrictions or restrictions of transactions or acts provided by Ordinance issued under the provisions of Article I of Article III shall be subject to penal servitude not exceeding three (3) years or fine not exceeding ten thousand (10,000) yuan; provided, however, that when three times the value of the subject of the transaction or act in question shall exceed ten thousand (10,000) yuan; the fine shall be not exceeding three times the value in question.

Any person who shall not comply with the order of the Government to dispose of or to sell foreign currency or other articles, in accordance with an Ordinance issued under the provisions of the preceding article shall be subject to penal servitude not exceeding one (1) year of fine not exceeding twice the value of the foreign currency or other articles.

Any person who shall, in contravention of an Ordinance issued under the provisions of Article II, fail to make reports, make false reports, or refuse to permit examination of his books, etc., or who shall obstruct examination by concealing books or documents, making untrue statements, or in any other manner, shall be subject to penal servitude not exceeding six (6) months, or fine not exceeding five thousand (5,000) yuan; likewise any person who shall make any false entry in applications for license or in other documents submitted to the Government in accordance with an Ordinance issued under this Law, or deceive the Government in any other manner.

ARTICLE VI. When the representative of a juridical person or the agent, employee, or other person connected with the business of a juridical or natural person, has in connection with the business of such juridical or natural person, committed an act in contravention of the preceding article, not only shall the person committing the act be punished, but the fine mentioned in the preceding article shall be imposed on such juridical or natural person as well.

ARTICLE VII. The penal provisions of this Law shall apply also in respect of acts committed outside the territory in which the Law is in force by the representative, agent, emoloyee, or other person connected with the business of a juridical person having its head office or principal place of business within the territory in which the Law is in force; likewise in respect of acts committed outside the territory which the Law is in force by the agent, employee, or other person connected with the business of a natural person having his residence within the territory in which the Law is in force.

ARTICLE VIII. In this Law, Hsien-Tayang (Silver Dollar), Hsien-Hsiaoyang (Small Silver Dollar) and other old silver currencies shall be deemed foreign currency.

Supplementary Provision

This Law shall be enforced as from December 10, 1935.

The Law for the Prohibition of Gold Export shall hereby be abolished, provided, acts committed prior to the enforcement of this Law, to which the penalty provisions of the said Law were to be applied, shall be punished in accordance with the said Law.

(2) An Ordinance Based on the Exchange Control Law

Ministry of Finance Ordinance No. 57

Promulgated on November 30, 1935

ARTICLE I. Except as necessary for commercial transactions or other actual demand the sale or purchase of foreign currencies (including claims) for foreign exchange (that is, bills of exchange, checks, telegraphic transfers and post office money orders, whether drawn in Manchoukuo on a foreign country, or in a foreign country on Manchoukuo, Kwantung Leased Territory being deemed foreign country; and the same hereafter) with the object of obtaining a profit by fluctuations in the rate of exchange for Manchoukuo Currency or currencies issued under the laws of Japan, is not permitted.

ARTICLE II. Unless permission of the Minister of Finance has been obtained, the following transactions and acts are not permitted, provided, however, that this shall not apply in case when necessary for remittance to Kwantung Leased Territory or Japan, or for payment made in Manchoukuo on the basis of an order from the said foreign areas.

1. The purchase of foreign currency (excluding currencies issued under the laws of Japan) or foreign exchange, against Manchoukuo Currency or currencies issued under the laws of Japan as counter-value. The above foreign currency includes claim.
2. Remittance to foreign countries.
3. Payment made in Manchoukuo on the basis of instructions given from a foreign country.

ARTICLE III. The provisions of the preceding article to the contrary notwithstanding, it is not required to obtain permission of the Minister of Finance to do the transactions or acts mentioned in the preceding article in the following cases:

1. When necessary for the purpose of export of merchandise from Manchoukuo or import of merchandise into Manchoukuo.
2. When necessary for the purpose of transmitting to the claimant having his domicile in a foreign country, principal or interest on public bonds, corporation bonds, loans or deposits, or dividends on shares or other similar income.
3. When necessary to be carried by persons travelling to foreign countries as travelling expenses for a period not exceeding one year.
4. When necessary for the purpose of remitting to a person travelling or residing in a foreign country, travelling expenses, wages, salaries, allowances, school expenses and other similar expenses sufficient for his requirements for a period not exceeding one year; or when necessary for the purpose of remitting to members of one's family residing in a foreign country, living expenses sufficient for their requirements for a period not exceeding one year.
5. When done by government offices in the course of business, or when arising from the requirements of government offices.

ARTICLE IV. Persons dealing in foreign currencies or foreign exchange as their business are prohibited to deal in foreign currencies (including claims) or foreign exchange (including what is equivalent to foreign exchange in the course of business of foreign exchange) or to accept orders on commission at the request of customers, when they know that the customers violate the provisions of Article I and preceding two articles.

Article V. Persons dealing in foreign currencies or foreign exchange as their business, the provisions of Article II to the contrary notwithstanding, are not required to obtain permission of the Minister of Finance in order to do the following transactions or acts:

1. Excepting in the cases described in the preceding article, to make purchases of foreign currency (including claim) or foreign exchange (including what is equivalent to foreign exchange in the course of business of foreign exchange) at the request of customers.
2. To make purchases of foreign currency (including claim) or foreign exchange (including what is equivalent to foreign exchange in the course of business of foreign exchange) or to make remittance to a foreign country for the purpose of adjustment to funds to the extent necessary in connection with sales of foreign currency of foreign exchange at the request of customers.
3. To make payments of remittance exchange (including payments under orders to pay which are equivalent to remittance exchange) drawn from foreign countries on Manchoukuo.

Article VI. Dealings in Hsien-Tayang (Silver Dollar), Hsien-Hsiaoyang (Small Silver Dollar) and other old silver currencies are not permitted, provided, however, that this shall not apply in case when these are sold to the Central Bank of Manchou.

Article VII. Unless permission of the Minister of Finance has been obtained, it is not permitted to import foreign currencies (excluding currencies issued under the laws of Japan).

Article VIII. Unless permission of the Minister of Finance has been obtained, gold bullion (including alluvial gold, and the same hereafter), gold alloys, articles of which gold is the principal component, foreign silver coins (excluding silver coin issued under the law of Japan) or silver bullion shall not be exported, nor preparations made for export.

Article IX. Persons intending to transport gold bullion, foreign silver coins (excluding silver coin issued under the law of Japan) or silver bullion by entrusting these to any transportation agents are required to obtain permission of the Minister of Finance.

Article X. Unless permission of the Minister of Finance has been obtained, it is not permitted to issue in Manchoukuo corporation bonds expressed in foreign currency, or to conclude in Manchoukuo a contract of deposit or loan expressed in foreign currency (excluding currencies issued under the laws of Japan).

Article XI. Unless permission of the Minister of Finance has been obtained, it is not permitted to deal in securities expressed in foreign currency (excluding currencies issued under the laws of Japan) in Manchoukuo.

Article XII. The Minister of Finance may, when he deems it necessary, prohibit or restrict transactions in terms of foreign currency.

Article XIII. The Minister of Finance may, when he deems it necessary, limit dealings in foreign currency to the case in which the counter-party shall be the Central Bank of Manchou or such other persons as the Minister of Finance may designate.

Article XIV. The Minister of Finance, except as he shall deem the retention thereof necessary in the course of business or for other legitimate reason, may require, when he deems it necessary, any person who holds foreign currency (including claim), foreign exchange, securities expressed in foreign currency, gold bullion or silver bullion, either to dispose of them himself or to sell them to the Central Bank of Manchou or other person designated by the Minister of Finance.

Article XV. Persons who have issued corporation bonds expressed in foreign currency or concluded a contract of loan expressed in foreign currency equivalent to 100,000 Yuan or more shall, as separately provided for, notify the Minister of Finance without delay.

Article XVI. Persons dealing in foreign currencies, foreign exchange, gold bullion or silver bullion as their business at the time this Ordinance comes into force, shall notify the Minister of Finance of the offices which carry on such business within one month from the date on which this Ordinance comes into force.

After this Ordinance comes into force, persons who intend to carry on the above business or those who intend to carry on the above business at their present offices or offices to be newly established are required to obtain permission of the Minister of Finance relative to such offices.

When a person who carries on the business mentioned in Paragraph 1, intends to discontinue the said business, or to discontinue any office which carries on such business, or change the name or location of it, or intends to discontinue the said business at any office, he shall notify the Minister of Finance of such office in advance.

Article XVII. Persons dealing in foreign currencies or foreign exchange as their business shall, as separately provided for, report to the Minister of Finance within three days, the amount of their sales and purchases of foreign currencies (including claim) or foreign exchange (including what is equivalent to foreign exchange in the course of business of foreign exchange), those amount done on commission and the amount of their positions oversold or overbought, each day; and not later than the fifteenth day of the following month, a detailed statement for each month of sales and purchases of foreign currencies (including claims) or foreign exchange (including what is equivalent to foreign exchange in the course of business of foreign exchange) and of those done on commission.

Article XVIII. Persons dealing in gold bullion or silver bullion as their business shall, as separately provided for, report to the Minister of Finance within three days, the amount of their sales and purchases of gold bullion or silver bullion, and the amount of their holdings, each day; and not later than the fifteenth day of the following month, a detailed statement for each month of sales and purchases of gold bullion or silver bullion.

Article XIX. The Minister of Finance may, when he deems it necessary, require reports other than those provided for in this Ordinance and cause examination to be made by government officials of the books or other affairs of any person whatever, relative to the prohibitions or restrictions of Article I of the Exchange Control Law.

Article XX. Procedure to be followed in case of obtaining permission of the Minister of Finance, or in case of making reports to the Minister of Finance, in accordance with the provisions of this Ordinance, shall be separately provided for.

Supplementary Provision

The Ordinance shall be enforced as from December 10, 1935.

(3) Administrative Procedure Relative to the Exchange Control Law

Ministry of Finance Ordinance No. 58

November 30, 1935

ARTICLE I. Persons who wish to obtain permission of the Minister of Finance for transactions or acts, in accordance with the provisions of Ministry of Finance Ordinance No. 57, November 30, 1935, entitled "Ordinance Based on the Foreign Exchange Control Law" (hereafter referred to simply as "the Ordinance"), shall, excluding the case when specifically provided for, prepare in accordance with the provisions of this Ordinance an application for permission in original and duplicate, and submit it to the Minister of Finance.

In case obtaining permission, in accordance with the provisions of the preceding paragraph, in respect of each separate transaction or act, shall constitute substantial obstruction in the course of business or for other reasons, the circumstances may be laid before the Minister of Finance. In this case, the Minister or Finance may provide for special procedure.

ARTICLE II. In applications, in accordance with the provisions of Article II, Clause 1 of the Ordinance, for permission to purchase foreign currency, the following particulars shall be noted:

1. The domicile, occupation, and name or trade style of the applicant.
2. The kind and amount of the foreign currency; and in case of claim, the kind and content of such claim.
3. The kind of the currency to be paid as counter-value.
4. Whether spot or forward contract, and in case of forward contract, the time of delivery.
5. The domicile, occupation, and name or trade style of seller; and in case of claim, the domicile, occupation, and name or trade style of the obligor.
6. The anticipated date of purchase.
7. The object of purchase and other reasons which make it necessary.
8. Other particulars which may serve as reference.

ARTICLE III. In applications, in accordance with the provisions of Article II, Clause 1 of the Ordinance, for permission to purchase exchange, the following particulars shall be noted:

1. The domicile, occupation, and name or trade style of the applicant.
2. The kind and amount of the exchange.
3. The kind of the currency to be paid as counter-value.
4. The domicile, occupation, and name or trade style of the payee of the exchange.
5. The place of payment and the date of payment of exchange, and the domicile, occupation, and name or trade style of the drawee of the exchange.
6. Whether spot or forward contract, and if forward contract, the time of delivery.
7. The domicile, occupation, and name or trade style of the counter-party to the transaction.
8. The anticipated date of purchase.
9. The object of the purchase and other reasons which make it.
10. Other particulars which may serve as reference.

ARTICLE IV. In applications, in accordance with the provisions of Article II, Clause 2 of the Ordinance, for permission to make remittance to foreign countries, the following particulars shall be noted:

1. The domicile, occupation, and name or trade style of the applicant.
2. The method of remittance.
3. The amount of the remittance.
4. The destination of remittance.
5. The domicile, occupation, and name or trade style of the payee, if any.
6. If entrusted to another person, the domicile, occupation, and name or trade style of such person.
7. The anticipated date of remittance.
8. The object of the remittance and other reasons which make it necessary.
9. Other particulars which may serve as reference.

ARTICLE V. In applications, in accordance with the provisions of Article II, Clause 3 of the Ordinance, for permission to make payments in Manchoukuo on the basis of instructions given in a foreign country, the following particulars shall be noted:

1. The domicile, occupation, and name or trade style of the applicant.
2. The domicile, occupation, and name or trade style of the person giving the instructions.
3. The amount of the payment.
4. The method of the instructions to pay.
5. The domicile, occupation, and name or trade style of the payee.
6. The anticipated date of payment.
7. The relations between the payer and the person instructing payment, and the reasons for the mandate for payment being given and accepted.
8. Other particulars which may serve as reference.

ARTICLE VI. In applications, in accordance with the provisions of Article VII of the Ordinance, for permission to import foreign currency, the following particulars shall be noted and the said applications shall be submitted to the Minister of Finance through the custom-house, through which the said article is imported.

1. The domicile, occupation, and name or trade style of the applicant.
2. The kind, quantity and amount of the foreign currency.
3. The cause and date of acquisition of the foreign currency.
4. The domicile, occupation, and name or trade style of the consignor and consignee.
5. In case the foreign currency is the property of another person, the domicile, occupation, and name or trade style of the owner.
6. The method of transportation and the place of passage of import.
7. The anticipated date of import.
8. The object of import and other reasons which make it necessary.
9. Other particulars which may serve as reference.

ARTICLE VII. In applications, in accordance with the provisions of Article VIII of the Ordinance, for permission to export gold bullion, gold alloys, articles of which gold is the principal component, foreign silver coins or silver bullion, the following particulars shall be noted:

1. The domicile, occupation, and name or trade style of the applicant.
2. The kind, quantity and value of the articles to be exported.
3. The domicile, occupation, and name or trade style of the consignee.
4. In case the articles to be exported are the property of another person,

the domicile, occupation, and name or trade style of the owner.

5. The method of transportation, place of despatch and place of passage of export.
6. The anticipated date of export.
7. The object of export and other reasons which make it necessary.
8. Other particulars which may serve as reference.

The personal effects or articles of personal adornment carried by persons about to travel to foreign countries may be presented to an official of the custom house of passage and his permission obtained.

ARTICLE VIII. In applications, in accordance with the provisions of Article IX of the Ordinance, for permission to transport gold bullion, foreign silver coins or silver bullion, the following particulars shall be noted:

1. The domicile, occupation, and name or trade style of the applicant.
2. The kind, quantity and value of the articles to be transported.
3. The method of transportation and the transportation agent taking charge of the transport.
4. The place of despatch and the place of destination.
5. The domicile, occupation, and name or trade style of the consignor and consignee.
6. The anticipated date of transportation.
7. The object of transportation and other reasons which make it necessary.
8. Other particulars which may serve as reference.

ARTICLE IX. In applications, in accordance with the provisions of Article X of the Ordinance, for permission to issue the bonds, the following particulars shall be noted:

1. The domicile, occupation, and name or trade style of the applicant.
2. The anticipated amount of the bond issue and the anticipated principal conditions.
3. The anticipated place of issue of the bonds.
4. The domicile, occupation, and name or trade style of the other party to the contract.
5. The anticipated date of the bond issue.
6. The object of the bond issue and other reasons which make it necessary.
7. Other particulars which may serve as reference.

ARTICLE X. In applications, in accordance with the provisions of Article X of the Ordinance, for permission relative to contracts of deposit or loan, the following particulars shall be noted:

1. The domicile, occupation, and name or trade style of the applicant.
2. The maximum limit of balance in deposit account, or the amount of the contract of loan.
3. The kind of contract, and the anticipated principal conditions.
4. If for account of another person, the domicile occupation, and name or trade style of such person.
5. The domicile, occupation, and name or trade style of the other party to the contract.
6. The anticipated date of the contract.
7. The object of the contract and other reasons which make it necessary.
8. Other particulars which may serve as reference.

The application as referred to in the preceding paragraph shall be submitted by both parties to the contract; provided, however, that this shall not apply in case one of the parties to the contract is in a place outside the territory in which this Ordinance is in force.

ARTICLE XI. In applications, in accordance with the provisions of Article XI of the Ordinance, for the permission to purchase or sell securities expressed in foreign currency, the following particulars shall be noted:

1. The domicile, occupation, and name or trade style of the applicant.
2. The name, face-value (in case of share-certificates shall be indicated the amount paid-up), and quantity of the securities.
3. The anticipated price.
4. The place of delivery of the securities.
5. The domicile, occupation, and name or trade style of the other party to the transaction.
6. The anticipated date of transaction.
7. The object of the transaction and other reasons which make it necessary.
8. Other particulars which may serve as reference.

The application as referred to in the preceding paragraph shall be submitted by both parties to the contract; provided, however, that this shall not apply in case one of the parties to the contract is in a place outside the territory in which this Ordinance is in force.

ARTICLE XII. In applications, in accordance with the provisions of Article XV of the Ordinance, for permission relative to the issue of bonds or to loan, the particulars corresponding to those enumerated in Article IX shall be noted.

ARTICLE XIII. In notifications of offices, in accordance with the provisions of Article XVI of the Ordinance, the following particulars shall be noted:

1. The domicile, occupation, and name or trade style of the notifier.
2. The location and name of the offices, and the domicile and name of the representatives of the offices.
3. The kind of business carried on at the offices.
4. In case of branches or sub-offices, the location and trade style of head office, and the domicile and name of the representative of head office.

In application, in accordance with the provisions of Article XVI of the Ordinance, for the permission of offices, the particulars enumerated in Clause 2 to 4 of the preceding paragraph shall be noted, besides the domicile, occupation, and name or trade style of the applicant.

ARTICLE XIV. Reports and detailed statements, in accordance with the provisions of Article XVII and Article XVIII of the Ordinance, shall be in conformity with the forms shown in the Annex of this Ordinance.

Supplementary Provision

This Ordinance shall be enforced as from December 10, 1935.

No. 12 Manchoukuo-German Trade Agreement

(1) Arrangement for Manchoukuo-German Trade

The representatives of the competent authorities of Manchoukuo and Germany, having duly authenticated their powers, have, for the purpose of promoting the trade relations between the two countries, agreed as follows:

ARTICLE I. The German Administration of Foreign Exchange shall admit the importation of products of Manchoukuo to the amount of 100 million

Yuan in value, calculated on the basis of c. i. f. prices, into Germany during the period of one year.

ARTICLE II. The payments in respect of the importation referred to in Article I shall be made as to three-fourths (75 million Yuan) in foreign exchange and as to one-fourth (25 million Yuan) in Reichsmarks, the latter to a special account at a bank designated by the authorities of Manchoukuo and to be utilized for the payments to be made in respect of products of Germany imported into Manchoukuo.

ARTICLE III. If, owing to unforeseen circumstances, the exchange situation in Germany should render it impossible for the German Administration of Foreign Exchange to make available foreign exchange to the amount of 75 million Yuan as provided for in Article II during the period of one year, the amount of importation provided for in Article I may be reduced to not less than 65 million Yuan in value, the payment of which shall be made as to three-fourths in foreign exchange and as to one-fourth in Reichsmarks.

In so far as the annual surplus of foreign exchange accruing to the Reichsbank from German trade with Japan during the period of one year exceeds the amount of 63,750,000 Yuan, such excess shall be made available for additional German importation from Manchoukuo payable in foreign exchange beyond the amount provided for in the preceding paragraph and the importation against payment in Reichsmarks shall be increased by one-third of such excess.

ARTICLE IV. The competent authorities of Manchoukuo shall take the necessary measures to ensure sufficient importation, calculated on the basis of c. i. f. prices, into Manchoukuo of products of Germany during the period of one year, to utilize the whole amount of Reichsmarks paid into a special account in accordance with Article II during the same period, which amount may be modified in accordance with Article III.

ARTICLE V. Products of Germany shipped to Manchoukuo shall be accompanied by a copy of the invoice bearing a statement by the exporter to the effect that they are products of Germany and by a copy of the Export-Declaration through which the Reichsbank is notified by the exporter of the amount of the products invoiced in accordance with the German regulations for the control of foreign exchange. These documents shall be presented to the customs authorities of Manchoukuo. If the latter find any product of Germany unaccompanied by a copy of the Export-Declaration, they shall notify the authorities of Germany of the name of the exporter, the description of the products and the invoiced amount. The term "customs authorities of Manchoukuo" comprises the customs authorities of Manchoukuo at Dairen, Seishin, Rashin and Yuki.

ARTICLE VI. Products of Manchoukuo imported into Germany through a third country shall not fall under the present Arrangement, if the payments for such products are effected under a clearing or compensation agreement between Germany and such third country.

ARTICLE VII. Under the present Arrangement private clearing transactions in trade between Manchoukuo and Germany require the approval of the authorities of the two countries.

ARTICLE VIII. The amount of trade effected between Manchoukuo and Germany shall be ascertained quarterly at Berlin by the competent representatives of the contracting parties. On such occasions questions arising out of the operation of Article III may be settled by consultation between the said representatives.

ARTICLE IX. If, at the end of the period of one year, the present Arrangement is renewed and there exists in the total amount of imports from Manchoukuo of Germany or from Germany to Manchoukuo a deficit in or an excess over the amounts provided for in the present Arrangement, the amounts to be fixed for the following year shall be increased or decreased by the amount of such deficit or excess.

ARTICLE X. The organization of the special account in Reichsmarks referred to in Article II and the conditions of utilizing such account shall be determined by an agreement between the Reichsbank and the bank referred to in Article II, which agreement shall be subject to the approval of the contracting parties.

ARTICLE XI. In so far as German exports to Manchoukuo are financed by banks, tne competent authorities of Manchoukuo shall not take measures to prevent at least 25% of such financing from being handled by other banks that the bank referred to in Article II.

ARTICLE XII. The amount of all transactions in the trade between Manchoukuo and Germany entered into prior to the coming into force of the present Arrangement shall be respectively included in the yearly amounts referred to in Articles I and IV, so far as payments resulting from such transactions are effected during the period of the present Arrangement.

ARTICLE XIII. For the purpose of the present Arrangement:

a. the term "period of one year" means one year beginning on the date of coming into force of the present Arrangement,

b. the term "products of Germany" means products either exclusively produced in Germany or subjected therein to an essential transformation effected in the course of an ultimate process which has an economic justification,

c. the term "products of Manchoukuo" means products either exclusively produced in Manchoukuo or subjected therein to an essential transformation effected as aforesaid, and,

d. products of the Leased Territory of Kwantung are regarded as products of Manchoukuo.

ARTICLE XIV. The present Arrangement shall come into force on the 1st June, 1936 and shall remain in force for one year from that date.

For the purpose of renewing the present Arrangement the contracting parties shall enter into negotiations not later than two months prior to the expiration thereof.

Done in Tokyo in duplicate, this 30th day of the fourth month of the 3rd year of Kangtê, corresponding to the 30th day of April, 1936.

For the Competent Authorities of Manchoukuo:	For the German Administration of Foreign Exchange:
Hsieh Chieh-shih	Otto Kiep.
(L. S.)	(L. S.)

(2) Departmental Instructions Relating to Manchoukuo-German Trade Agreement, May 25, 1936

(Note: The following instructions regarding the Manchoukuo-German Trade Agreement which went into force on June 1, 1936, were issued by the

Manchoukuo Department of Foreign Affairs on May 25, 1936, to the importers and exporters of the country who are interested in trade with Germany.)

A. Exports from Manchoukuo (including the Kwantung Leased Territory) to Germany.

(1) Exchange and credit: The German Exchange Control Bureau at the request of German importers of merchandise from Manchoukuo is to issue a licence authorizing the payment in foreign exchange of three-fourths of the C. I. F. value of merchandise imported and another licence authorizing the payment in Reichsmark of the remaining one-fourth thereof.

The settlement of three-fourths of any transaction may be made as in the past through "London acceptances" or by other means, but that of the remaining one-fourth will be affected by the present agreement. The latter payment will be made through letters of credit or orders issued by the Hamburg branch of the Yokohama Specie Bank Ltd. In other words, as regards this payment, letters of credit or orders in English currency for a sum equivalent to the amount indicated on the licence referred to above will be issued at the request of German importers.

In this case, it is needless to say that the Hamburg branch of the Yokohama Specie Bank Ltd. will be required through the Manchoukuo trade representation in Germany to make sure of the sums indicated on both licences issued by the German Exchange Control Bureau.

Bills of exchange based on the above mentioned letters of credit or orders must be exchanged into Reichsmark before the stipulated dates of payment at the official telegraphic exchange rate in Berlin and paid into the special account of the Hamburg branch of the Yokohama Specie Bank Ltd.

(2) Trade transactions not through exchange: Any transactions between businessmen of Germany and Manchoukuo which are to be settled on their own responsibility and on the so-called barter system will require in advance the official approval of the authorities concerned of their respective Governments. Inasmuch as transactions of this kind have effects on the ratio of trade between the two countries, they will not be authorized in principle.

B. Imports from Germany to Manchoukuo (including the Kwantung Leased Territory).

(1) Manchoukuo will import German merchandise within the limits of the amount equivalent to the special account in Reichsmark arising from the settlement of accounts relating to her exports to Germany. Accordingly, any importation of German goods, which does not utilize the aforementioned special account, will not be authorized.

In principle, althought it will be convenient for the Yokohama Specie Bank Ltd. to handle alone all credit matters and the drawing of bills of exchange relating to the importation by Manchoukuo of German merchandise, out of consideration for the past trade practices and of the special standpoint of the businessmen concerned, such imports may be handled through banks other than the Yokohama Specie Bank Ltd. to an amount not exceeding one-fourth of the said special account in Reichsmark annually.

In case such imports of German merchandise handled through banks other than the Yokohama Specie Bank Ltd., exceed in value one-fourth of the said account, they shall be controlled temporarily by regulations issued by the Department of Finance of Manchoukuo and the Kwantung Bureau of Japan based on the Foreign Exchange Control Law.

C. Utilization of the foregoing special account.

(1) Bills of export from Germany: Those bills of exports indicated in terms of British currency must be exchanged into Reichsmark at the telegraphic exchange rate fixed in Berlin before the stipulated dates of payment thereof. Drafts handled through banks other than the Yokohama Specie Bank Ltd. will all be purchased by the Reichsbank and then turned over to the Yokohama Specie Bank Ltd. at their original value. Necessary payments in this connection will be made from the special account in Reichsmark held by the Yokohama Specie Bank.

(2) Consignment shipments etc: In the light of the present agreement, although imports of German merchandise must be made in principle through letters of credit and orders issued by banks, in case imports of German merchandize on consignment are to be made through means other than letters of credit or orders, the Government's permission must be obtained in accordance with the Foreign Exchange Control Law.

(3) Purchase of German industrial patents: In case any subjects of Manchoukuo purchase German industrial patents along with the importation of German machinery or factory equipment, or in case any contracts are to be made for payment of fees for the use of German patents or in case German experts employed by Manchoukuo enterprises remit part of their salaries or allowances to Germany, the special Reichmark account held by Manchoukuo in Germany is to be utilized. Such persons therefore are asked to get in touch in advance with either the Manchoukuo Government (Commercial Bureau of Foreign Office) or the Manchoukuo Trade Representation in Germany.

(4) Importation of German merchandise for use outside of Manchoukuo: In case any businessmen connected with Manchoukuo desire to import German merchandise for use in any districts outside Manchoukuo, the aforementioned special account must also be utilized. As in the foregoing paragraph such businessmen are asked to get touch in advance with either in Manchoukuo Government (Commercial Bureau of Foreign Office) or the Manchoukuo Trade Representation in Germany.

(5) Utilization of the special account and its relation to the German Exchange Control Law: Under the German Exchange Control Law, all foreign exchange for exports is handled by the Reichsbank alone, but Reichsmarks paid to Germany through the special account in the Hamburg branch of the Yokohama Specie Bank will be regarded as "free Reichsmark payments" and therefore, not affected by the said Law.

(6) Procedure required for importation of German merchandise: In regard to the importation of merchandise from Germany, regulations to be promulgated by the Department of Finance of Manchoukuo and the Kwantung Bureau in accordance with the Manchoukuo Foreign Exchange Control Law should be referred to.

D. Other matters.

(1) In case any trouble arises regarding trade transactions between Manchoukuo and Germany, the Manchoukuo Trade Representative in Germany will offer his good offices for the solution of such trouble. Accordingly, the businessmen of Manchoukuo engaged in trade with Germany are requested to utilize his services or keep in contact with him.

(2) Any inquiries regarding trade between the two countries will be accepted by the Manchoukuo Government authorities concerned (the Depart-

ments of Foreign Affairs, Industry and Finance and the customs authorities), the residental commercial representatives of both Governments and the branches and correspondents of the Yokohama Specie Bank Ltd.

(3) Departmental Decree Governing Manchoukuo-German Exchange Decree of the Department of Finance Promulgated

May 28, 1936

ARTICLE I. Persons importing German products into either Manchoukuo or the Kwantung Leased Territory shall obtain the approval of the Minister of Finance regarding the method of paying for such imported products, except in cases where they have concluded foreign exchange contracts with the Yokohama Specie Bank thereanent.

ARTICLE II. Persons desiring to obtain the approval of the Minister of Finance in accordance with the provisions of the foregoing article shall submit to the Minister of Finance an application therefor, together with a copy thereof, indicating the following items and accompanied by documents sufficient to show that the goods to be imported are German products.

(1) Name, quantity and price of goods imported and place of origin.

(2) Name, address and occupation of importer.

(3) Method of payment.

(4) Scheduled date of importation.

(5) Name of the custom house with which procedure relating to importation is to be taken.

ARTICLE III. Persons desiring to take necessary procedure for the importation of German goods shall submit the following documents to the custom house through which such merchandise is to pass;

(1) A copy of the invoice presented to the bank by the exporter of the goods accompanied by a certificate showing that the said goods were manufactured in Germany and a copy of the export declaration submitted to the Reichsbank by the exporter in conformity with the German Foreign Exchange Control Law.

(2) Documents certifying the foreign exchange contract concluded with the Yokohama Specie Bank regarding the payment of the goods imported or a copy of the permit issued by the Minister of Finance in accordance with the provisions of Article I.

ARTICLE IV. In case any importers are unable to submit the documents stipulated in Item 1 of the preceding article, such importers may substitute the said documents with copies of the invoices presented to the banks by the exporters and certificates issued by the German authorities showing that the goods imported are German products.

In case any importers are unable to submit copies of the invoices presented to the banks by the exporters in consequence of non-issuance thereof, they shall tender a statement of reasons therefor to the Customs concerned and may be exempted from the obligation to submit the said documents.

ARTICLE V. The present decree shall not be applicable to those German goods originally imported into the Kwantung Leased Territory which are to be imported into Manchoukuo. The present decree is to take effect on the first day of June, the third year of Kangte.

No. 13 Japan-Manchoukuo Treaty on Extraterritoriality

(1) Treaty between Japan and Manchoukuo Concerning the Residence of Japanese Subjects, Taxation, etc., in Manchoukuo

June 10, 1936

Whereas the Government of Japan, in accordance with the principle of the Protocol between Japan and Manchoukuo signed on the Fifteenth day of September of the Seventh Year of Showa, have, for the purpose of furthering the healthy development of Manchoukuo and also of promoting and perpetuating the intimate and inseparable relationship now subsisting between Japan and Manchoukuo, decided to abolish, by progressive stages, the right of extraterritoriality at present enjoyed in Manchoukuo by Japan, and to adjust and transfer the administrative rights over the South Manchuria Railway Zone; and

Whereas the Government of Manchoukuo, appreciating this decision by the Government of Japan have, in return, recognized the necessity of ensuring and enhancing the common prosperity of Japanese and Manchoukuo subjects within the territories of Manchoukuo;

Now, therefore, with reference to the right of extraterritoriality and the administrative rights over the South Manchuria Railway enjoyed in Manchoukuo by Japan, the Government of Japan and of Manchoukuo have agreed as the first step as follows concerning the residence of, and the enjoyment of various rights and interests by, Japanese subjects, and the application of the laws and ordinances of Manchoukuo concerning taxation, industries, etc.

ARTICLE I. Japanese subjects shall be free within the territories of Manchoukuo to reside and travel and engage in agriculture, commerce and industry, and to pursue callings and professions, whether public or private, and shall also enjoy all the rights relating to land.

Japanese subjects shall not, in respect of the enjoyment of all rights and interests within the territories of Manchoukuo, be accorded less favourable treatment as that which is or may be accorded to the subjects of Manchoukuo.

ARTICLE II. Subject to the stipulations of the Supplementary Agreement to the present Treaty, Japanese subjects shall be governed within the territories of Manchoukuo by the provisions of the administrative laws and ordinance of Manchoukuo concerning taxation, industries, etc.

The Japanese Government agree that, subject to the stipulations of the aforesaid Agreement, the laws and ordinances of Manchoukuo mentioned in the preceding paragraph shall be in force within the South Manchuria Railway Zone on the principles of **statutas realia.**

In respect of the application of present Article, Japanese subjects shall not, under any circumstances, be accorded less favourable treatment than that which is or may be accorded to the subjects of Manchoukuo.

ARTICLE III. The stipulations of the preceding two Articles shall, in so far as they are applicable to juristic persons, apply to Japanese juristic persons.

ARTICLE IV. The stipulations of the present Treaty shall not prejudice the rights, privileges, immunities and exemptions of particular Japanese subjects or juristic persons based on the special engagements entered into between Japan and Manchoukuo.

ARTICLE V. The present Treaty shall come into force on the 1st of July, the Eleventh Year of Showa, corresponding to the 1st of July, the Third Year of Kangte.

ARTICLE VI. The present Treaty has been drawn up in the Japanese and the Chinese text, and, should any difference in interpretation arise between the two texts, the Japanese text shall prevail.

In witness whereof, the undersigned, duly authorized by their respective Governments, have signed the present Treaty and affixed their seals thereto.

Done at Hsinking, in duplicate, this Tenth day of the Sixth month of the Eleventh Year of Showa, corresponding to the Tenth day of the Sixth month of the Third Year of Kangte.

(L. S.) Kenkichi Uyeda,
Ambassador Extraordinary and
Plenipotentiary of Japan to
Manchoukuo.

(L. S.) Chang Yen Ching,
Minister for Foreign Affairs of
Manchoukuo.

(2) Supplementary Agreement to the Treaty between Japan and Manchoukuo Concerning the Residence of Japanese Subjects, Taxation, etc., in Manchoukuo

June 10, 1936

In signing today the Treaty between Japan and Manchoukuo concerning the Residence of Japanese Subjects, Taxation, etc. in Manchoukuo, the respective Plenipotentiaries of the two countries have agreed as follows:

ARTICLE I. The Government of Manchoukuo shall speedily take the necessary steps in order that the rights of "lease by negotiation" hitherto possessed by Japanese subjects shall, in accordance with the different natures of such rights, be converted into landownership or other rights relating to land, as the case may be.

ARTICLE II. The scope of the administrative laws and ordinances of Manchoukuo concerning taxation, industries, etc., which govern Japanese subjects under Article II of the Treaty and the manner of application thereof, shall previously be decided upon by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Minister for Foreign Affairs of Manchoukuo.

In case the Government of Manchoukuo intend to make any important alterations in respect of the laws and ordinances of Manchoukuo, which govern Japanese subjects under the stipulations of the preceding paragraph, they shall, until such time as Japanese subjects come within the jurisdiction of the Law Courts of Manchoukuo, obtain the previous approval of the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo.

The laws and ordinances of Manchoukuo, whereon a decision by consultation shall be made immediately after the coming into force of the Treaty in accordance with the stipulations of the first paragraph of this Article, shall in the main be confined to laws and ordinances relating to land tax, immovable-property contract tax, business tax, juristic person's business tax, crop-output tax, timber tax, mining tax, mining registration tax, alcoholic drinks tax, cigarette tax, consolidated taxes, commercial registration tax, patent registration tax, utility-model registration tax and local taxes; and to administrative laws and ordinances relating to industrial property, weights and measures, measurement, minging, markets, stock-farming, finance and monopoly.

In levying upon Japanese subjects business tax and juristic person's business tax of the various taxes enumerated in the preceding paragraph, and house tax and household income tax in the category of local taxes, the Government of Manchoukuo shall, for the time being after the coming into force of the Treaty, apply reduced rates in accordance with a decision to be previously made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Minister for Foreign Affairs of Manchoukuo; and, of local taxes, additional business tax shall be based on the amount of tax assessed at such reduced rates. It is provided that the reduced rates to be applied immediately after the coming into force of the Treaty shall be one-fourth of the original rates in respect of business tax, houshold income tax and the house tax levied on individuals, and one-third of the original rates in respect of juristic person's business tax and the house tax levied on juristic persons.

ARTICLE III. The application and execution, in respect of Japanese subjects, of the laws and ordinances of Manchoukuo, which govern Japanese subjects under Article II of the Treaty, shall, in so far as such application and execution require judicial procedure, be effected by Japanese Consular Officers until such time as Japanese subjects come within the jurisdiction of the Law Courts of Manchoukuo.

In cases referred to in the preceding paragraph, Japanese Consular Officers shall, subject to the general rules and principles of Consular jurisdiction, apply the revelant laws and ordinances of Manchoukuo. It is provided that, of the punishments provided for in such laws and ordinances, "yu-chi-tu-hsing" shall be regarded and applied as "cho-eki" (imprisonment with hard labour) or "kin-ko" (imprisonment without hard labour); "chu-i" as "cho-eki" (imprisonment with hard labour), "kin-ko" (imprisonment without hard labour) or "koryu" (detention); "fachin," as "bakkin" (fine) or "karyo" (administrative penalty); and "kuo-tai-chin," as "ka-ryo" (negligence penalty).

In case a fine, an administrative penalty or a negligence penalty is imposed or an article is confiscated, in accordance with the stipulations of this Article, the proceeds of such fine, administrative penalty and negligence penalty and the confiscated article shall come into the possession of the Treasury of the Government of Manchoukuo.

ARTICLE IV. In accordance with an agreement with the Government of Manchoukuo to be made separately from the present Treaty, the Government of Japan shall abolish or transfer, not later than the 31st of December, the Twelfth Year of Showa, corresponding to the 31st of December the Fourth Year of Kangte, the administrative police existing within the territories of Manchoukuo; and, of the laws and ordinances of Manchoukuo mentioned in Article II of the Treaty, those which concern taxation and those which have a special bearing upon administrative police within the South Manchuria Railway Zone shall not, until the aforesaid abolition or transfer of administrative police within the territories of Manchoukuo is effected, be put in force within the said Zone. The scope of those laws and ordinances of Manchoukuo which, as above referred to, have a special bearing upon administrative police within the South Manchuria Railway Zone shall previously be decided upon by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Minister for Foreign Affairs of Manchoukuo.

The Government of Manchoukuo shall, in view of the stipulations of the preceding paragraph, perfect their police system and make the preparations necessary for taking over the Japanese institutions and staffs concerned.

Until the transfer of administrative police within the South Manchuria Railway Zone is effected and, in order to ensure the equality of the incidence of taxation upon Japanese subjects residing within and without the said Zone, the Japanese Government shall levy within this Zone, from the date of the coming into force of the Treaty, taxes which are as far as possible the same as the national taxes imposed by Manchoukuo upon Japanese subjects.

The Government of Manchoukuo shall not levy local taxes within the South Manchuria Railway Zone, until after the institutions of the South Manchuria Railway Company concerning public works, education, sanitation, etc., existing within the said Zone shall have been disposed of in accordance with an agreement to be reached between the Governments of Japan and Manchoukuo apart from the present Treaty.

ARTICLE V. Simultaneously with the coming into force within the South Manchuria Railway Zone of the laws and ordinances of Manchoukuo under Article II of the Treaty, the Government of Manchoukuo shall take over, in the condition then existing, the Japanese institutions and staffs concerned, in accordance with a decision to be previously made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Minister for Foreign Affairs of Manchoukuo.

ARTICLE VI. If any Japanese subject makes a complaint against the administrative measure taken by the competent authorities of Manchoukuo with reference to the laws and ordinances of Manchoukuo which govern Japanese subjects under Article II of the Treaty, the Government of Manchoukuo shall take appropriate steps to redress the grievance.

ARTICLE VII. Matters which have been decided upon by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Minister for Foreign Affairs of Manchoukuo, and also matters in respect of which the approval of the said Japanese Ambassador has been obtained by the Government of Manchoukuo, in accordance with the stipulations of the present Agreement, shall each be made known in the Official Gazettes of Japan and of Manchoukuo.

ARTICLE VIII. The present Agreement shall come into force simultaneously with the Treaty.

In witness whereof, the Plenipotentiaries of Japan and of Manchoukuo have signed this Agreement and affixed their seals thereto.

Done at Hsinking this Tenth day of the Sixth month of the Eleventh Year of Showa, corresponding to the Tenth day of the Sixth month of the Third Year of Kangte.

(S. L.) Kenkichi Uyeda,
Ambassador Extraordinary and
Plenipotentiary of Japan to
Manchoukuo.

(L. S.) Cheng Yen Ching,
Minister for Foreign Affairs of
Manchoukuo.

(3) Argeed Terms of Understanding between the Plenipotentiaries of Japan and Manchoukuo, with Reference to the Treaty between the Two Countries Concerning the Residence of Japanese Subjects, Taxation, etc., in Manchoukuo, and also to the Supplementary Agreement to that Treaty

June 10, 1936

I. Ad Article I of the Treaty:

In case a Japanese subject desires to acquire any right concerning land in an unopened Mongol region, he shall be required to obtain the permission of the competent authorities of Manchoukuo.

II. Ad Article II of the Treaty:

1. In view of the fact that within the territories of Manchoukuo Japanese Communities are carrying on educational work for Japanese subjects, the Government of Manchoukuo shall, in accordance with a decision to be made by consultation between the Japanese Ambassador Extraordinary and Plenipotentiary to Manchoukuo and the Minister for Foreign Affairs of Manchoukuo, pay each year a share of the expenses of educational work for Japanese subjects within the territories of Manchoukuo.

2. The Government of Manchoukuo shall further improve the existing system of taxation.

3. The Government of Manchoukuo shall, in applying the laws and ordinances of Manchoukuo which govern Japanese subjects under Article II of the Treaty, take the steps necessary for the protection of the rights or interests which Japanese subjects now enjoy under the laws and ordinances of Japan, or by usage.

III Ad Article II of the Supplementary Agreement to the Treaty:

The imposition and collection of consumption tax on articles produced within and consumed without the South Manchuria Railway Zone, and also on articles produced without and consumed within the said Zone, be decided upon by consultation between the competent authorities of Japan and of Manchoukuo.

Done at Hsinking this Tenth day of the Sixth month of the Eleventh Year of Showa, corresponding to the Tenth day of the Sixth month of the Third Year of Kangte.

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